

## MODERN MANAGEMENT: BEYOND TRADITIONAL MANAGERIAL PRACTICES

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**Abstract:** Traditional top-bottom management in modern post-industrial organizations has become cumbersome and costly. Moreover, the hierarchy of managers imposes a heavy burden on business companies seeking to get rid of X-inefficiency and overspending. There are new approaches to management that include self-management and delegation of decision-making and constitute the keystones of so-called “modern management”. The goal of our paper is to show how management has evolved in the ever-changing business environment and allowed for the employees to become a part of the corporate governance and management of the firm.

**Key words:** modern management, visible hand, self-management, corporate governance

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### Introduction

For decades, traditional management has been an essential part of any organization regardless of whether the company was private or government organization. It has long been thought that in order for a business organization to become successful and strong, it absolutely must have some form of skilled management (Birkinshaw and Goddard, 2009; Łukomska-Szarek and Włóka, 2013; Baran and Kłos, 2014). The company managements have gradually changed the principles which they used to apply in the past. The change has come as a result of the uncertainties in the business world which requires the managers to be highly visible and to have a personal contact with the employees (Ike, 2016). In the turbulent business environments, the managers struggle to maintain employees' trust and the ability to run the business in the right direction. The principles used by most managers in the 21st century are distinct from what managers used to apply in the past.

Nevertheless, the world is globalizing and changing faster than most managers can comprehend it. It appears that traditional top-bottom management that was so successful in the 20th century, has to give way to the new forms of management, most notably so-called “new management” (Hamel, 2011). The managerial hierarchies and traditional approaches impose heavy costs that would sooner

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or later sink any successful company. Therefore, new approaches are searched for and new strategies are envisaged (John, 1997).

This paper provides an overview of how the traditional management (distinguished by the so-called “visible hand” of the market) is clearing the path to the new approaches and techniques that involve self-management, delegation of decision-making and participation in the company’s governance, hence the “new management”.

### **Principles of the New Management**

In the 21<sup>st</sup> century, most managers are using decentralization principles and developing new systems which aim at maximizing the performance of the employees. The decentralization principle involves giving the employees a chance to make their own decisions (Sutherland and Canwell, 2004; Bramming et al., 2011). The principle also involves using management technologies such as self-managing teams, value-based management, empowering the workers, and self-management among others. This principle, therefore, states that the employees should be left to control, organize and plan their work without any directives from the management. The senior managers only have responsibility for strategic management, ensuring the company’s mission, vision and goals are achieved and human resource management (Martin, 2005; Kokkinidis, 2015; Jasinskas et al., 2015).

According to the other principles, the senior managers come up with strategies to maximize the performance of the employees and to tighten the control over the activities being done in the organization (Gebauer, 2011; Wood et al., 2012). The Management, therefore, uses management technologies such as total quality management, and just in time among others. These technologies enable the management to have a close control over the workers. This principle is the opposite of the first principle where the workers were left to plan, organize and have control over their work. However, the two principles are widely used by the modern managers. The companies, therefore, teach and encourage the workers to organize themselves as well as to develop self-management by empowering them and supporting teamwork. On the other hand, the management uses sophisticated ICT technologies to closely monitor the performance of the employees, standardization of the working process as well as documentation of the workers' performance (Rigby, 2001; Sutherland et al., 2013).

Self-management management involves all plans that oppose the restrictive management which was evident in the early stages of industrialization. The employees are given the opportunity to have responsibility for their work. When the skilled workers are given independence to make decisions at work, they are able to arrange and control their works as well as that of their colleagues leading to better performance of the organization. Self-management involves creating acceptance among all the employees on the documentation of performance and work standardization (Ghillyer, 2009; Reedy and Learmonth, 2009). Research indicates that in the organizations where the employees are given a chance

to influence and control their work, they tend to have satisfaction with their jobs. Employees like to have freedom and the chance to exercise self-management, and when these are given to them, the results are better than in the companies where the management dictates what the employees should do. The employees, on the other hand, know that they only have the freedom to make decisions on the operational level and they only give ideas of how the management should change the tactical and strategic issues of the organization (Wood et al., 2012; Arimavičiūtė and Raišienė, 2015).

### Old versus New Approaches

In the modern days, the management has also come up with a new form of Taylorism (Ike, 2016). Unlike in the past where the organizations mainly used standardization of the work in order to achieve technical efficiency, the modern management achieves technical efficiency by decentralizing the supervision to the workers in the production. Modern management came a long way from putting the sales and then the managers at the top of the priority list to acknowledging employees who are the key to acquiring the new customers (Figure 1).



Figure 1. Diagram of the evolution from “traditional” to “modern” management

Organizations perform better when control and supervision of the workers are decentralized. The employees are given a limited degree of independence, but the management comes up with ways to motivate the employees and to make them feel responsible for their actions. Commitment is a key requirement for the new management principles to succeed. Success in the organization arises if the workers accept their responsibilities over the tasks given to them. This is achieved through the introduction of value-based management in the organization, self-management teams, decentralization of control and supervision (Martin, 2005).

The modern management seems like a contradiction because the employees are empowered, and they manage themselves, but at the same time, the management applies strong supervision and control over the employees. Individualization and standardization are key parts of the modern management. The traditional monitoring tools cannot keep up with the ever-changing demands in the organizations today. The organizations, therefore, empowers the employees so that they can have control over their actions as well as help the co-workers in order to meet the changing demands in the organizations today (Rigby, 2001; Pfeffer, 2013).

The governmental organizations are also left to come up with good management plans in order to compete effectively in the ever-changing business world. In the past, the senior governmental managers had simple and achievable goals

of achieving the stability of the organization. The competition was low because most markets were underdeveloped and the management would, therefore, come up with simple plans to maintain organization stability (Sutherland and Canwell, 2004). Today the companies are facing stiff competition from the developed markets, and they are also facing labor mobility, market transparency, global capital flow, and communication constraints. These constrain have made the government organizations management to devise plans and strategies which will enable them to succeed. The plans require the management to have a clear understanding of the values and behaviors of the workers as well as the company's culture. The values are achieved through the collective action of all the workers who are supposed to design, plan, and execute their ideas in the ever-changing work environment (Mello, 2014).

### **Employee as the Cornerstone of Modern Management**

Today most of the organization managers are concerned with the reaction of the workforce and this makes them to come up with strategic plans which will make the employees to work together in order for the company to achieve its goals (Wood et al., 2012; Kubíček et al., 2016). The modern managers have to ensure that they use employee based management so that they can maintain a workforce that is committed to achieving the best performance. All organizations which do not make plans involving the workers often fail to achieve their objectives. The managers also use other principles depending on the situations in order to engage the entire organization in the planning process (Hamel, 2011). The management these days is also required to build a sustainable business environment that will enable the organization to compete successfully with other large corporations. The management in the 21st century manly involves coming up with plans and strategies that will help the organization cope with the changing environment.

Another key management style evident today is the technical-rational approach. According to this approach, the organization is seen as a production system and the management is required to come up with a functional design to transform the input to output. Therefore, this approach has a main aim of attaining maximum output and competitive advantage over the other competitors in the market. The management instills new forms of behaviors among the employees, applies new technology in the production process, and changes the working patterns (Mello, 2014). The management provides motivation to the employees so that they can maximize their production. When the company recognizes the efforts of the employees, they in turn feel motivate and work hard so that they can accomplish the tasks given to them.

There are various things that the management today is required to do so that they can create a perfect working environment for the employees who in turn help the organization to achieve its objectives. One of the things is to speak to the workers. The management is required to create a perfect communication channel so that they

can inform the workers when a change is about to occur or when they intend to assign them new roles. The workers should also be informed clearly how the changes will affect them and how they company will react if they fail or achieve their objectives (Ghillyer, 2009; Belás et al., 2015). The management is supposed to act honestly because the employees react to what they hear and they need to be involved in the planning process.

Therefore, the employees can cope with the changes; the management is required to introduce rewards, recognitions, and promotions so that the employees can embrace the new change. However, the management is required to prepare for the unexpected since the change plans might not go as expected. The organizations in the modern day succeed if the leaders create ownership. The management creates ownership by involving the employees in the decision-making process. Ownership can also be created when the management identifies certain problems in the organization and involving the employees in coming up with the solutions. Ownership is also reinforced by awarding the employees with financial or psychological reward. In a number of cases, psychological reward (“*job well done*” or “*doing a good job without wearing a suit and tie*”) that are applied, for instance, by Google and others, might be more effective than any monetary remuneration.

### Summary

The structures of the company and the principles used to manage the organizations have evolved over time so that they can fit the ever-changing business environment. The key to managing the modern organizations is coming up with strategies which will enable the business cope with the changes in the external and internal environments. In the past, the business and environmental changes occurred at a slow pace which was easy for the management to cope with. However, in the modern days, the market has developed, and this makes the business environment to change at a very fast rate. Technological development has also heightened the competition level in the market. The organization with a hierarchical management takes long to respond to these changes. Therefore, the modern managers have adopted principles which give the employees the freedom to plan and organize their work. At the same time, the management uses sophisticated technology to monitor the work progress of the workers.

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### NOWOCZESNE ZARZĄDZANIE: POZA TRADYCYJNYMI PRAKTYKAMI MENEDŻERSKIMI

**Streszczenie:** Tradycyjne zarządzanie „top-bottom” we współczesnych organizacjach postindustrialnych stało się kłopotliwe i kosztowne. Ponadto hierarchia menedżerów nakłada duże obciążenie na firmy biznesowe chcące pozbyć się nieefektywności-X i przepłacania. Istnieją nowe podejścia do zarządzania, które obejmują samo zarządzanie i delegowanie procesu decyzyjnego oraz stanowią podstawę tak zwanego "nowoczesnego zarządzania". Celem naszej pracy jest pokazanie, w jaki sposób zarządzanie ewoluowało w ciągle zmieniającym się środowisku biznesowym i pozwoliło pracownikom, aby stali się częścią ładu korporacyjnego i zarządzania firmą.

**Słowa kluczowe:** nowoczesne zarządzanie, widoczna dłoń, samozarządzanie, ład korporacyjny

### 現代管理：超越傳統管理實踐

**摘要：**現代後工業組織的傳統頂層管理變得繁瑣和昂貴。此外，經理層級對企業尋求解決X效率低下和超支的商業公司施加了沉重的負擔。有新的管理方法，包括自我管理和委派決策，並構成所謂的“現代管理”的基石。我們的文章的目標是展示管理如何在不斷變化的商業環境中演變，並允許員工成為公司的公司治理和管理的一部分

**關鍵詞：**現代管理，可見手，自我管理，公司治理