

I. INAUGURAL LECTURE FOR OPENING THE ACADEMIC YEAR 2005/2006

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**NEW 'OLD' IDEAS IN
ORGANIZATION MANAGEMENT**

This paper presents briefly some modern ideas in organization management. The links between their underlying principles with the history of development of organization and management sciences have been proven. Fashion trends in sciences of organization and management have been characterized. After due critical assessment of those ideas, some important indications and recommendations for science and practice have been presented.

INTRODUCTION

The variety and mixture of management ideas (philosophies, approaches, orientations) as well as the resulting specific methods, techniques and tools are characteristic for recent organization management. Among them there are ideas oriented towards a process of enterprise management (e.g. marketing, logistics, human resources management – HRM, total quality management – TQM, controlling), ideas oriented mainly in change management (e.g. business process reengineering - BPR, lean management), and oriented in forms of an organization (e.g. learning, intelligent, net or virtual organization). Those ideas present different approaches to economic factors and enclose diversified recommendations towards enterprise management, introducing changes into an enterprise and organizing it. For example, a group of ideas oriented towards the enterprise management process emphasizes the need for the highest level of customer's satisfaction possible as a target of enterprise management goals and activities. Logistics, on the other hand, is about targeting management on material flows rationalization in order to achieve its effectiveness and low costs. The idea of complex human resource management directs management towards adequate structure and motivation of workforce to act

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in a desired manner. Total quality management focuses on a high level of quality: of work, process flows and products. Controlling is about making rational decisions in order to achieve a rewarding financial outcome. Among ideas oriented on organizational changes being introduced to an enterprise, BPR assumes a revolutionary approach (radical and fast changes), whereas lean management prefers an evolutionary approach (less radical, slower and systematic changes).

All those ideas are frequently received with great interest, and their application is regarded as an attribute of advanced management or even as a universal norm. On the other hand, however, there is some criticism of them. The arguments against those ideas include, among others, discrepancies between the actual and declared levels of originality and effectiveness, and many recommendations biased with subjective, exaggerated assessments resulting from marketing reasons. Moreover, the applicability of those ideas is limited (fragmented or superficial) as it is also observed in a great number of Polish enterprises (Lichtarski 2004, p. 382ff). There have been many cases of unsuccessful implementations, especially in the case of ideas based on radical changes. Some authors perceive those ideas differently, and give their characteristics in a vague and imprecise manner (Lichtarski 1998, p. 11). Therefore, it is difficult to identify the relationships between those concepts which is important for their practical application. In addition, still new concepts have been emerging, with their number and incoherence confusing both managers who try to implement them, and scientists who deal with the research of those ideas. A question arises whether new problems and new solution methods actually make management more efficient and organizations' outcomes really better? Or is it only that new labels appear whereas the problems and solution methods remain unchanged, according to an old German saying „Alter Wein in neuen Schläuchen” (old wine in a new wineskin)?

Many of the above mentioned problems are serious, therefore it is essential to find an answer to the question whether new management ideas considered as new and advanced are really fresh and original, or perhaps they are based on old solutions and concepts, and merely extended and developed or just repackaged in a new, trendy fashion. This paper aims at answering such a complex question.

1. NEW IDEAS IN THE LIGHT OF THE HISTORY OF ORGANIZATION AND MANAGEMENT SCIENCES

According to Z. Mikołajczyk, a lot of “novelties” in modern management theory can be found in the history of organization and management and also in the history of mankind and human culture on the whole (Mikołajczyk 2001, p. 43). When we examine the principles underlying new concepts and their supporting methods and procedures, we feel they are quite familiar to us. At the same time, we notice that some researchers are ignorant of history of organization and management sciences, and while skipping the classics they try to prove that it is only nowadays that the theory of this discipline is reborn. As a consequence, in the Polish literature of the subject we have a division into classical concepts, methods and procedures on one hand, and modern or advanced ones on the other. The advanced group is made up of concepts whose names are used in their original wording (as the exact translation into Polish is usually difficult), such as controlling, total quality management, reengineering, kaizen. Unfortunately, according to Z. Mikołajczyk, the concepts, methods and tools which were invented in the first half of the 20th century are now suspended or even totally criticized, although nobody has ever proved that they are methodologically invalid or irrelevant (Mikołajczyk 2001, p. 47). It is obvious that some of those “old” concepts have naturally died out and are no longer applied in business or in theory due to major changes in the business environment. In some cases, the original name of the method has been changed into a more appropriate one (e.g. short-term technical economic and financial planning has been renamed as budgeting; entities acting within internal economic settlement framework have been dubbed as responsibility centres). The foreign literature basically does not introduce such a division. Any new methods and procedures are being simply included into a set of well-known and accepted approaches applied by internal and external consultants in enterprises, subject to common business goals (Mikołajczyk 2001, p. 47).

Let us try to demonstrate how “old” are the “new” concepts of management, even if a detailed analysis of the problem is not possible within the scope of a short paper. We shall focus on the relationships of the chosen management concepts with the historical solutions, beginning with the concept of logistic management in an enterprise.

The term “logistics” has been taken from the military sphere where it denotes the organization and movement of the army and facilities (Kozłmiński, Piotrowski 1996, p. 332). We claim however that its principles

of operation are as old as the history of mankind's wars. In a newer chapter of this discipline, we notice a contribution from Karol Adamiecki, the most famous representative of Poland's scientific management, who was a contemporary to Taylor. He is one of pioneers to examine the problem of time and its value in the production process, and has formulated the laws of harmony in management. The current demand for just-in-time systems and various methods of time management used extensively in logistics must not underestimate the importance of his contribution to the logistic concept of business management. Adamiecki has also focused his attention on the rational team work and rationalization of work coordination thus undoubtedly contributing to the fundamentals of the complex human resources management (Kozłowski, Piotrowski 1996, p. 571).

The most recent history of the development of logistics shows that principles and cases for this concept underlying its current form, i.e. supply chain management, have been gradually shaped in several stages. First, it was a physical distribution (the 1960s and 1970s), and then integrated logistic management combining distribution with supply. Now we see a total integration of all enterprises which participate in delivering a suitable product to a customer, just in time and just in place. In fact, we see evolutionary development of this discipline, and managers have been applying the concept for many years, especially methods of system analysis, value chain analysis, and total cost analysis (Coyle 2002, p. 24).

The controlling approach to business management can be derived from the late 19th century U.S., but its historical roots are as old as England's royal court treasurer in the 15th century. This function emerged as industrial development in the U.S. stimulated the demand for complex systems and procedures of planning. The significant development of controlling resulted from the global economic crisis which expanded interest in accounting and financial control. The first enterprise to introduce controlling was General Electric in 1882. The Western businesses saw controlling in the mid 1950s, with the greatest development in Germany, beginning with subsidiaries of U.S. companies. The concept came to Poland in the beginning of the 1990s.

In the recent history of controlling, Tomas Bata deserves proper acknowledgement. He was a Czech footwear manufacturer who inherited the firm from his father in 1896 and has changed the approach to shoemaking (he replaced handicraft with factory-style mass production of canvas shoes with leather soles). He also introduced unique organizational solutions by dividing his company into 250 independent entities – workshops, divisions and points of sales. Each organizational unit was separate in the economic

sense: it covered its operational costs by means of sales earnings, and workers had their shares in profits. That can be seen as the advent of contemporary cost centres, profit centres, investment centres, and budgeting – today's methodological foundation of controlling concept in business management. In a similar vein, Bata's solutions in social work organization have been followed by the systemic development of team work in a Japanese kaizen method which underlies the concept of lean management (Kozłmiński, Piotrowski 1996, p. 624ff). The concept of controlling owes also to management by objectives, which is a method originally conceived by Harrington Emerson. In 1912, he formulated the twelve universal and timeless principles of efficiency, with the first and most important one referring to a well defined goal (Kozłmiński, Piotrowski 1996, p. 568ff). The old Chinese proverb had affirmed the fundamental meaning of goal definition in management: "If you do not know where you are going, you will never get there".

A meticulous analysis of the historical development of enterprises, their organization and management should lead us to conclusions that many approaches, concepts, methods and principles considered as new and advanced, had already been studied long time ago, and subject to methodological disputes. Let us mention here research by an American engineer, Frederick Winston Taylor (1856-1915), who created a scientific school of scientific management (Kozłmiński, Piotrowski 1996, p. 557ff). In 1889, Taylor was looking at the work of loaders and determined an optimum capacity of a shovel, thus improving a primitive tool by changing (standardizing) the tool itself and the related work organization, which resulted in an increased performance. We may therefore infer that he was a predecessor of change management. He postulated that the production process should be divided into some building blocks, unnecessary elements should be removed and the most rational procedures for accomplishing necessary activities should be established. Thus, he originated the streamlining of business processes which is now acknowledged as business process reengineering and process management. He also put forward some changes in the organizational structures of management as he set up and implemented a functional system (eight lowest-level managerial specializations, i.e. foremen). Taylor is generally regarded as one of the classics in the field of scientific management or even a founding father of this discipline, whereas his system was not such a novelty at all. He broadly exploited the ideas of his forerunner, the English mathematician Charles Babbage (1792-1871). Furthermore, Taylor's research in the optimization of

work tools and appropriate choice of workers to a given task had already been started by a physicist Charles August de Coulomb (1736-1806) (Kortan 1998, p. 31). Taylor's managerial rationalism is still alive, and nowadays we quite often meet Taylorist managers (Kozłmiński, Piotrowski 1996, p. 579). Taylorism has been indeed flourishing in such sectors as fast food restaurants, agriculture and food industry, and some models of flexible production seen as a source of success in Japanese firms are actually built on Taylorism and Fordism, i.e. on the separation of conceptual work from executive tasks, on the parcelization of tasks and standardization of work. Thus, we deal with a paradoxical topicality of Taylor (Martyniak 2000, p. 365).

Taylor's system was later modified by French mining engineer Henri Fayol who had come up with a cross-functional system which is now back as trendy matrix structures. Fayol had created administration school of management and also functional thinking which is now widely applied in management system development. He had also classified administration activities into functions: plan, organize, command, coordinate, and control (1947), which are called today managerial or executive functions underlying all management methods (Kozłmiński 1996, p. 580ff).

The backbone of any organized activities and introducing changes is an organizational cycle shown by Henri Le Chatelier in 1928 in his book on Taylorism. This has been the basic principle all over the world by organizers who develop it and adjust to their specific situations and goals. However, this cycle is a derivative of Cartesian rules inspiring any scientific conduct including methods and procedures of organization and management, both traditional and "new". The latter ones follow the classical pattern faithfully, with some refinement at the assessment stage of the results of changes, and more sophisticated other stages. Some differences can be noticed at the level of methods and procedures of organization and management (Mikołajczyk 2001, p. 44–45). Indeed, considering a general methodology of conduct presented in many publications, we conclude that no major changes have occurred since Taylor and Le Chatelier, and specific phases, stages or steps remain the same despite different names (Mikołajczyk 2001, p. 51). This is particularly true with respect to concepts and ways of introducing them such as reengineering, lean management, outsourcing and benchmarking.

The above presentation, even though a short one due to obvious reasons, shows that many modern concepts apply classical approaches, methods and procedures. A more thorough analysis proves that those advanced solutions (ideas, methods, tools) go along with classical assumptions and courses of

action. Therefore, we must not deliberately leave out or exclude our predecessors' accomplishments as it is often the case. We should honour a universal principle of scientific research continuity which allows to relate the present to the past. Otherwise, low professional ethics or ordinary negligence consciously break the chain of past research accomplishments. Then it is easier to make an impression that it is our own original contribution to the science of organization and management (Kortan 1998, p. 30). One should also remember that many traditional ("old") ideas and methods of management also contain universal, eternal principles which are difficult to be applied today.

2. FASHIONS IN SCIENCES OF ORGANIZATION AND MANAGEMENT

New ideas in management are implemented more easily when they are both wide-spread and trendy. Fashions in management appear mainly due to the interests of consulting companies and also of managers themselves. New ideas are also interesting for colleges as they extend their scope in teaching, research and conferences. Some ideas are popular just because related problems happen to be widespread and regarded as "topical" (*Dobre...* 2002, p. 26ff). It is believed that consulting companies invent new management ideas as remedies against such problems. Due to marketing reasons, they lean toward generating problems which may be solved with concepts and methods readily supplied by them. They convince managerial boards that those problems are too difficult to be solved by enterprises themselves, and that external consulting is necessary.

On the other hand, managers give a positive response to trendy ideas and try to implement them because they want to be regarded as inventive and active, and also because they want to have support while introducing their own changes as recommended by famous consultants, to gain favour with supervisory councils or stock exchange analysts. Even if they do not quite agree with the consultants reasons, they at least assume that other managers also follow these recommendations, and group mistakes are easier to explain.

A good example of such a fashion in change management is a concept of business process reengineering promoted by Hammer and Champy. A German scholar in the field of new management ideas, A. Kieser, commented on this very concept and expressed his amazement that so many

managers are ready to pay so much money for risky expeditions with guides unwilling to let them see a map, if they have one at all (Kieser 1996, p. 181). When studying assumptions of this idea it is difficult to discover its relation towards previous achievements in the field of change management, although they are very extensive. According to K. Zimniewicz, the authors of BPR ignore all previous findings in the science of organization and management, and their book does not mention any bibliographic references to the past achievements of people who had been dealing with the problem before (Zimniewicz 2001, p. 340). This idea – as a new trend in an organization – is not actually new but it focused the attention of many enterprises on problems how to model an organization.

Recently we have been witnessing more and more fashions also in the case of other concepts. New fashions are still to come. One should not disregard them as trendy concepts, they include interesting thoughts and inspire people to new ideas which can make an enterprise more efficient and strengthen links between its subsystems. They remind managers of their tasks (make more sensitive to customer needs, focus on costs, quality, inventiveness, key competencies, and high requirements for professional skills of managers), and stimulate them to action (*Dobre...* 2002, p. 29–30). New concepts are oriented on the relationships with the environment and the flexible modelling of an organization's potential. They propagate a process approach as an alternative to a functional approach, elevate information technology and promote teamwork (Osbert-Pociecha 2000, p. 370–373). They demand a different way of dealing with employees than in Taylor's era, focusing on communication and information from the very beginning of any change in an organization, on participation in management, on making use of all workers' creativity, and also on the continuous improvement of employees' skills and development of managerial staff (hence, the concept of "learning organizations") (Mikołajczyk 2001, p. 50–51). Therefore, they include some postulates that are better adjusted to the requirements of a modern enterprise and to a new quality of work.

New "fashionable" concepts are simple: they are formulated in a understandable language, nicely labelled with a trendy word, and its meaning can be expressed in several points. It is consistent with a very simple reality, and usually solves one single problem, although it is supposed to operate in a complex business world. Those concepts tell managers exactly what they should do and what they like. They make a lot of empty promises: better efficiency, higher performance, higher customer satisfaction, but such promises are difficult to keep. They also offer the

possibility of widespread applications: universality is their pride – they are applicable in almost every area. They can be easily implemented in a selective manner: for example, one may select only a method of budgeting from the controlling approach. They follow the spirit of our time and solve single urgent problems of their times. Those theories usually do not include the assessment criteria for their application. In fact, only some of them are genuinely and fully applicable (Miller, Hartwick 2003).

The influence of fashions may result in unfounded and often unsuccessful cases to apply specified concepts and methods, but it may also happen that fashionable recommendations do pinpoint the most essential problems of a firm and help solve those problems. This means that fashion is not always a negative phenomenon, but more research into this area would be interesting and useful (Lichtarski 2004, p. 384ff).

3. IMPORTANT INDICATIONS FOR SCIENCE AND PRACTICE

Although no sufficiently positive influences of new concepts on the outcomes of enterprise have been shown, with quite the opposite evidence from many firms which experienced losses due to such applications (for example, after implementing the BPR concept), it is generally believed that the science of organization and management ought to seriously take them into account. It is suggested that all new concepts should be critically analysed and explored in order to objectively assess their scientific and practical merits. This goal could be achieved in quality centres controlling new trends in management or marketed as advanced trends (Kortan 1998, p. 42). Such control, with a critical analysis and validation, should reveal truly rational and advanced aspects of new concepts, and indicate what ought to be included quickly into the education content and methods in the field of organization and management. At the same time, it should eradicate all that is not appropriate for the interest of science and practice. One should also oppose those bad tendencies in research and teaching that forget our roots, disregard or even contradict the relationships of a specific concept with other, previous ideas, and thus neglecting the predecessors' findings which results from the ignorance or disdain of the history of discipline development (Kortan 1998, p. 41).

If science wants to help business practice, it should deal with the comprehensive and continuous identification of new concepts and building with them a consistent, complete and integrated management system. At present we do not supply the business practice with decision tools (practical principles and

criteria of choice) which make choices easier. Instead, we are at the early stage of general advising organizations which plan the introduction of new management concepts. All that results, among other things, in formulating features of trendy, short-lived management theories and those of classical methods, with solid applications, and in asking auxiliary questions which make it possible to separate both groups of methods (cf. Miller, Hartwick 2003). There have been attempts to identify in detail specified concepts and to study the relations between them (Lichtarski 2002, p. 93-94). Implementations of current concepts and management methods is studied in order to identify its factors, premises and barriers (Lichtarski 2004, p. 384). The methodology of network thinking is applied to analyse the validity of introducing a specific concept, with studying positive and negative effects and their interrelationships, which helps to recognize its weaknesses and avoid unnecessary costs and frustrations (Zimniewicz 2001, p. 338). Such actions ought to aim at learning how to manage the selection, application, development and termination of particular concepts with assigned methods and tools, while creating and using metamangement (managing management), with full awareness of the scope, number and diversity of the consequences of a decision in this field. The consequences of the introduction of a given management concept could embrace not only the core scope of a specified concept, but also the entire enterprise (Lichtarski 2002, p. 94).

From the viewpoint of practical management, it is less essential – as properly notes G. Osbert-Pociecha – to find out which of those concepts and to what extent they arise from the previous ones, to what degree they relate to the past, and how fresh and original they are (Osbert-Pociecha 2000, p. 372). For the practice it is important to solve the problems connected with the operationalization of those different concepts (mainly coming from large American corporations, or Japanese and German enterprises) and their validation (adaptation) in the local, individual environment of an organization. The time for management with recipes, i.e. with repeated patterns and instant ideas, is over, and all organizations are doomed to their own, custom-made solutions. Managers ought to assume here that there are no ultimate, revolutionary solutions, or at least that they are seldom. New is built and created mainly in an evolutionary manner, thanks to the continuous improvement of processes and methods of action. In addition, new concepts very often lead to disasters because they claim to be exclusively right, thus contradicting the principle of equifinality. This principle claims that the same final state of an enterprise may be reached from different initial conditions and in different ways, according to managers' knowledge and conditions of operation (Penc 2002, p.

7). It is also important that while selecting managerial concepts (or even their fractions only) one should follow their usefulness for an enterprise, i.e. one has to answer the following questions: Is it necessary for us? Does it relate to our main concern problems? Does it correspond with what we have? Are we able to implement it ourselves? What profits can we expect? What losses are possible? What social consequences does the implementation have?

CONCLUSIONS

The above short analysis of the history of business management development shows that new (trendy) managerial concepts usually include some elements of previous ones. Many approaches which are regarded today as new and advanced have been well-known for a long time, if not in their entirety, then at least in significant parts. Those who formulate them and present them as completely new very often use past knowledge and only refresh previous management principles, partly changing the language. But one should not claim that "old" concepts in a "new" package do not contribute anything to science and practice. Although often being a result of some fashion in management and renaming old solutions with new, better market-oriented terms, it is important that the underlying concepts and principles are being diffused and encourage an update of our approach to classical problems. They facilitate the adaptation of "historical" solutions to the needs of a modern enterprise and a new quality of work by today's organization leaders (Penc 2002, p. 6). They impose another look at the possibilities to manage an enterprise, which are still very great. However, a practical implementation of each concept requires a critical and appropriate detailed analysis, and a consideration of the needs and conditions of the given enterprise, before this concept can be included to the entire system of business management with the purpose of improving the operation of all its procedures. One must not ignore or disdain the history of the development of the discipline, because it results in excluding predecessors of concepts which are marketed as new. As a consequence, no critical analysis of legitimacy and originality of recommended solutions would be possible (Kortan 1998, p. 43).

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