

Do we need innovation in our management thought?

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Prof. Johnsen is a co-founder of the Danish Society of Operations Research and served as Secretary from 1962 till 1965 and President from 1969 till 1971. He became Managing Editor of the Danish Journal of Economics and Business Administration in 1968. He became a member of the Danish Academy for Technical Sciences in 1970 and The Society of Sciences in Lund, Sweden in 1973. He became Doctor of Honour at the Swedish University Åbo in 1977 and a Honorary Member of the Association of Danish Business Economists in 1979.

Among his books are: *Introduction to Operations Research* (1962, 2nd ed. 1964, in Danish); *Studies in Multi-objective Decision Models* (dissertation Lund, 1968, in English); *Goal-Oriented Management* (1973, in Danish and Swedish); *The Theory of Management* (1975, in Danish); *Introduction to Operations Research* (with Ove Hedegaard and Per Ellervik, 1976, in Danish); *Elements of Management Science* (1976, in Danish); *Interactive Change Processes* (with Lasse Nilson, 1979, in Danish); *Managerial Economics: Development and Impact on Society* (Editor, 1979, in Danish); further he wrote numerous articles on management, operations research, marketing, managerial economics and organization in professional journals.

Naturally, we do need innovation in our current management thought: innovation as a function of what we continue to learn.

The seventies have been characterized by a growing interest in management. The society has realized the importance of management and has invested in management development in both the private and the public sectors. Managerial problems have been subjected to thorough debates in the trade press and researchers have been mobilized so that, on the threshold of the eighties, we have well elaborated management theories.

The situation has improved during the last ten years: we have local experience, local theories, and a fairly professional management milieu. Those are the ingredients with which we have to work in the eighties. Our main position must be that we should, to a wider extent than previously, explore the possibilities of better management. We have created the conditions, but we have not taken enough time to benefit from them.

The eighties are to be seen as an extension of the seventies which in turn represent an extension of the development which has taken place throughout this century. This development can be briefly characterized as follows:

At the turn of this century, the entrepreneur, the initiator, was the leading person. After him the technician and the accountant followed.

The first decade saw a development of the efficiency in the technical side of the enterprise and in the administrative apparatus through the Scientific Management Movement.

The twenties moved to the other side and stressed the importance of incorporating the human side. The thirties formulated what is still considered to be the basic principle of management: planning, organizing and controlling. The forties saw the economically dominated management and brought the economic view of the firm. The fifties witnessed more sophisti-

cated management methods emerging in the form of operations research and other quantitative methods, data processing, and also the operational behavioral disciplines such as psychology, sociology, organizational theory, political science, etc. All these instruments were used in order to achieve continuing amelioration of decisions in the focal sections of the enterprise. The sixties saw the firm conceptualized as a total coherent system, and people began to work with multiple goals of the enterprise, learn how to build up a firm, how to form a system which satisfies several demands at the same time. The seventies saw the forces of the external environment to open up the closed systems of the sixties and brought home the realization that much attention must be paid to managing firm's relations with the environment, partners, and the society. This concretely effected the desire for a better strategic management and the desire for an actual managed development.

This leads us to the situation as of today: with a baggage which we cannot just leave behind, but which we should use in a more appropriate way than it was done with the various methods created with respect to only a fraction of the total management process.

But which management techniques have we learnt during these many years?

First and foremost, we have seen that management or managerial behavior is a special kind of behavior; different from our achievements as specialists and from our acting as individuals with particular inherited personal characters.

We have also learnt that there is a difference in the undertakings of the formal leader and in the actual management of a concern or an institution. We have seen that management milieu is complex and laden with many mutually contradictory tendencies. Finally, we have experienced that the managerial process itself is so complicated that we have to pay more attention to it in terms of time and effort.

In summary, we have learnt that managerial behavior pertains to actively taking part in goal formulating and problem solving interaction.

This implies that now and then any member of the staff acts as a leader, just as it entails that the formal leader – if he analyzes his time distribution of effort – must admit that he uses only part of his capacity on actual management.

The question is: How do we go further?

It has been said that culture consists of habits. Similarly, one could say that management culture consists of managerial habits.

We have witnessed an important improvement in the management culture throughout the seventies. We have become more conscious of which way to go, and we have communicated better about how to solve problems. Gradually but persistently we developed our firms, organizations and institutions. The soul of these, in my opinion good, habits is a continually increasing consciousness of the management process itself. What is my role, what is my desirable management profile, how do we play our managerial roles together, and how do we change or develop the same play with different managerial roles?

This consciousness-raising applies to the management process for the human being involved – not just to the functions assumed in the work role. But one's way of acting in the work role is naturally dependent on one's way of acting in all other aspects.

This consciousness-raising of management behavior is a necessary element in the learning process which should generally lead to a continued amelioration of managerial behavior.

With respect to the continuing management problems that have been current in private firms and public institutions, it is necessary to point out six aspects which we should focus on in particular.

One of these aspects is *development management*. In the sixties we concentrated on better operations efficiency of the firm, in the seventies we constantly tried to adapt the firm to the demands of its changing and turbulent environments. In the eighties we shall try to be an inch ahead of the development in order to manage it ourselves. This requires management culture, creativity culture as well as power culture.

The other aspect is *political management*. We have to find better rules for regulating the power struggles (which will and must take place inside the firm) so that they do not interfere with the function of the firm but enforce its further development. It is a question of political culture and it is a question of ethics. It should be possible to transfer the centuries-old democratic tradition to a grassroots democracy in the firms. This is a rather difficult task – it is quite obvious that we must try to solve the problems professionally.

A third aspect is *international management*. We are good at dealing, exporting and trading with others. But we are not as good at accepting their culture and value standards so that we can engage ourselves on their behalf. We must learn to work with a double or multiple anchoring in various culture patterns if we are to function at international level. We have diffi-

culties in doing so. This demands our greater attention. We must manage this part of our existence as well.

A fourth aspect is *management of the public sector*. The public sector is characterized by a special kind of managerial problems, which are mainly a function of the objectives once set for public enterprise and at the same time of the public leaders having the actual responsibility for the functioning of the system. The formal responsibility lies with the popularly elected politician, who for his part believes to have the actual responsibility, as he is indeed popularly elected. A long series of misunderstandings, implications and partial understandings have to be eliminated in order to achieve an effective management of the apparatus which creates about half of our national product and distributes even more of it.

There are enormous untapped resources in the public management system as there are enormous undeveloped experiences in the private sector. It is an obvious task to unite these two in a number of common projects. This demands partly breaking down the traditional attitude barriers and partly establishing the development management in which we know the elements.

Finally, it should be pointed out that in the first half of this century we have dedicated ourselves to

the task of getting better functioning from the machines and the material part of the firm at the expense of the other part: the human resources, and at the expense of the third part: management of the whole. In order to make the system balance we must overstate the management of the human factor for the next number of years, that is: a more human management of systems, but also a more systematic management of human beings.

We can sum up the demands for managerial behavior in the eighties as a need to comply with the following observations:

- Managerial behavior requires continuous consciousness-raising;
- managerial behavior is complicated and demands professional attention (there are no easy solutions to managerial problems);
- all necessary managerial roles have to be played and developed professionally;
- managerial behavior has to be developed individually and collectively;

In conclusion: the management of the eighties is brought about by the learning manager who is identical with the learning employee.

There is nothing new in this; but what *is* new is the need that now we must concentrate on getting it all managed.