

Education and Management

Ing. Oľga Poniščiaková, PhD.

Faculty of Operation and Economics of Transport and Communication

Department of Economics

University of Žilina

Velky Diel, building NF 010 09 Žilina, Slovakia.

Those who are interested in what is going on around them must have noticed that it is not only the authors of scientific publications, participants in various scientific conferences, but, more often than not, also the massmedia and general public who discuss the phenomenon having so much influence on any branch of human activity - namely globalization. The phenomenon, whose part we have necessarily become, exhibits overwhelming intensity and serious consequences. Therefore we are not to just speak about it these days. Such luxury cannot be afforded, discussions are simply not enough. Statements must be substituted for a productive debate, or an analysis or solutions to the problem of adapting to the present trend, and the question of how to live in such a way that we can only experience the benefits and how to prevent any undesired development. Admittedly, such possibility exists, although it is often underestimated, even unattainable according to some people, and real in the same mode.

However, what approach should we take to seeking the solutions to the given problems, which way to go? The issue at stake is very serious, and it has to be dealt with with respect to all spheres of human activities essential in terms of meeting all basic and secondary needs. Globalization therefore cannot be given just one of the possible attributes. In fact, that does not even happen very often. One does not read about economic, social or any other kind of globalization. The only reverberating word is globalization. This embraces a wide range of “unifying” processes. In analogy with Maslow’s needs¹ all spheres of influence can be defined one by one. Since these are far from limited, I have only decided to concentrate on a selected area, where the influence of globalization is really significant, namely the area of economics and management.

Every area can be further structured. I could concentrate on financial aspects and possibilities of integration, or I could analyse macro or micro environment. However, I will go down the hierarchy ladder even further, for my interest lies in the ones who coordinate production processes, i.e. the managers.

Management

The close relationship between the management theory and present models of management, which seemed so unshakable, has to be re-considered now due to the influence of globalization. The traditional school of management defining specific forms of organizational structure, planning, control or communication and work with people now offers just a minute starting point for the newly developing management models. This is because it is not just the principles of management that undergo changes, but also its structure and organizational models, as well as the character of management work. This is due to the fact that the management of firms extending their scope to the international level has to face questions such as:

- proper choice of seat of the parent firm,
- knowledge of the economic benefit of globalization,
- adaption to the specific conditions on the market,
- ensuring the maximum transfer of know-how,
- drawing adequate company architecture.

¹ physiologic needs: food, drink, warmth, sleep, if employed, wages and working conditions, **safety and security needs:** safety, health condition, if employed, security of the employment, retirement, **social needs:** friendships, informal working relations, **recognition needs:** recognition by others, respect, belief in one’s own knowledge, **self-fulfilment needs:** development and implementation of one’s own skills.

The problems management has to deal with as well as solutions to the problems are rather changable these days, therefore stress is put on flexibility and speed in firms. This can be guaranteed by able management. One of the possibilities of ensuring the desired level lies in creating the so-called self-learning organizations which are characterized by:

- increasing capacity to learn,
- increasing ability to adapt and to change by means of learning personnel.

Creating such firms is a very difficult task requiring radical change of thinking and philosophy of the firm, as well as of its culture. Culture of a firm is hyponymous to the word culture. In general it concerns the reality experienced by one in the community with others, not as an individual. Since a firm, or a company forms such a community, the need of creating corporate culture is justified. While in general perspective this includes certain group standards or traditional ways of behaviour arrived at gradually by a certain group of people, in a narrower perspective it can be described as a set of implicit values shared by a group of people determining what is good and right. Corporate culture (fig. 1) is the result of past activities, but also a limiting factor with respect to the future activities.

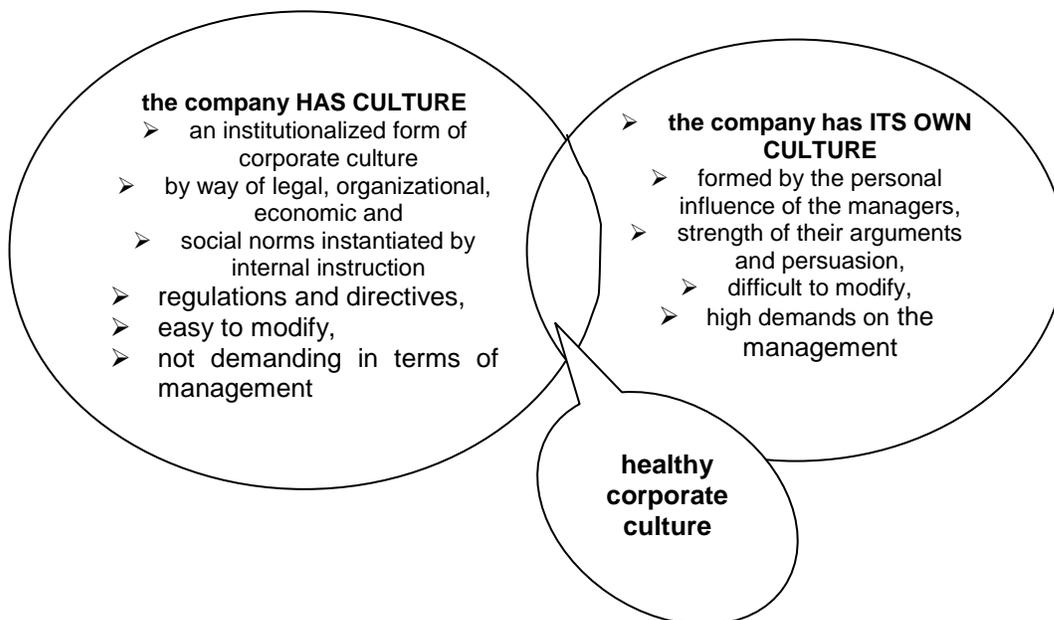


Figure 1: Corporate culture

Therefore it is crucial for a firm as well as the people working there to create optimal corporate culture, which we call vital or strong corporate culture. It is an area where extreme states overlap, the result of co-existence of a psychological contract and the idea of an ideal career anchor in a firm, which all integrate the employees in a company and determine relationships between executive and management staff. Despite substantial obstacles, accepting the philosophy of change as described above results in considerable relative advantages for the firms. However, to implement change is not an easy task and to complete it, one has to respect the trends of the coming civilization which does not focus on the forms of industrial society stagnating at the moment any more, which is what Slovakia is often reprimanded for. In fact, knowledge oriented world is steadily gaining force, which does not limit perspectives of development in respect of inexhaustible nature of its possibilities. Similarly to globalization, it is an undeniable fact of the present time and cannot be turned a blind eye upon. This obviously concerns our companies as well, and mainly the management of the companies that, apart from other things, have to learn how to adapt a new perspective on their companies – the perspective of knowledge. The idea of the past cannot be enforced any more, i.e. **value is created by the connection of capital and work**. The fact is that the basic source of producing values are people. With the help of the terminology of the guru of management Peter Drucker, the above suggestion can be updated: **value is produced by knowledge capital together with work**. There is plenty of evidence in support of the suggestion, even in spite of the fact that Drucker's original opinion of KC is slightly inflated, i.e. he advocated withdrawal of financial capital in favour of KC.

However, the question still to answer is why? In order to find the answer we need to look back at some of the historical milestones which brought us to the state where more importance is given to immaterial assets, while the material ones, such as buildings, machinery, money, etc. become less essential. In fact, this concerns historical development traced back to the times of the industrial revolution in England, where introduction of machine production resulted in a huge increase of workers` performance – it grew five times in the period of one hundred years. Thanks to the machines, work not only became easier and more effective, but machines started to replace people, which has had direct impact on the present. This phenomenon is also called *liberating work* from the process of production. Today, such seemingly ideal state presents a considerable problem, because the solution to the huge amount of unemployed people is not a cheap labour territory any more. Powerful and cheap machines can be placed virtually anywhere.

Apart from the above phenomenon, present development is witness to an interesting fact. It is mainly the big and efficient companies that prove production can be increased while decreasing the capital. It has been proved (surveys made in the years 1993 to 1995 show that some of the biggest American companies gained 54%-62% profit with 8-9% increase in investment capital while the number workforce had fallen) that profit making requires less and less capital, which is defined as *liberating capital* from the process of production. Therefore, if less work and less capital is needed, what creates the added value? Knowledge or intellectual capital gives the right answer. Knowledge capital does not contradict technological development, quite on contrary. Obviously, what we have in mind today is the development of far more perfect “machines” – so called high-technologies as the result of uncountable laboratory experiments and scientific research. They occupy qualified experts and at the same time, they accept careful management of the natural resources. In this way, they fully meet the requirements of the process of globalization I have mentioned in the introduction. The qualities of high-tech render comparison with their predecessors – resulting more or less from improvements in workshops – into the realm of comparing the incomparable.

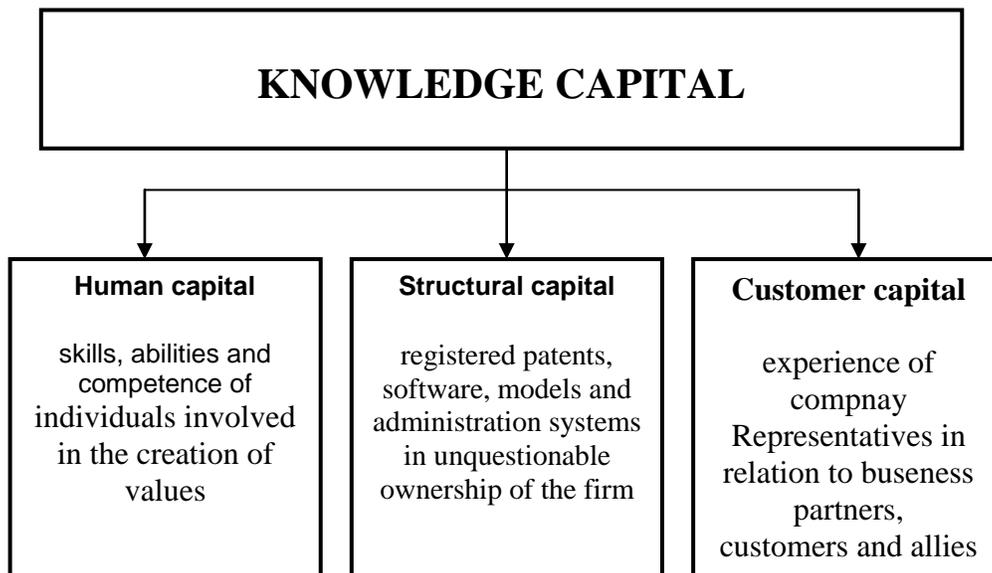


Figure 2: Knowledge management

However, who or what creates knowledge capital? Today, when it is quite possible to produce without hands but hardly without the head, we can speak of a new type of worker – new worker represented by a qualified technician, engineer or production specialist. This definition, however, does not sufficiently describe knowledge capital (fig. 2). The term knowledge capital is defined as organized knowledge that can be used for production of wealth (T.A.Stewart), and we can also come across a definition that describes KC as a system, or even a system of systems for receiving, processing and understanding information and ensuring that such information will be used as knowledge at the right time. (www.hrweb.sk)

In fact, there is any number of definitions, the common denominator of all is the fact that KC is made by human capital, structural capital and customer capital. The following should focus on the first of the above components of knowledge capital, i.e. people. It is crucial to understand just who are the professionals and intellectuals that will not get lost in the post-industrial society and will be able to react to its requirements? Essentially, these are the representatives of firms or companies who have been involved in business for a long time and their work experience as well as their knowledge contribute to the creation of added value – they fall under **the first category**. However, one cannot forget about those who only have an ambition to become such “brain capital” and are preparing for the mission. These fall under **the second category**.

Both categories differ in terms of demand and requirements they have to meet – what is required is active work with information also called **functional literacy**. It entails a pyramid of processes the tip of which is made by having one’s own opinion, “built” on the basis of searching, collating and combining information. Compared to industrialism there is a substantial difference in the principle: while in the past the called exact approach was preferred based on work with ready-made information, at present emphasis is put on the whole decision-making process. These principles should be applied not only in business, but also in education of the future managers.

Let us now take a more detailed look at what has been going on until now...

It cannot be denied that at present we do not know any knowledge managers. They have worked their way through together with the environment in which they have operated, developing in the period of several generations. From the historical perspective, **the first generation** was represented by managers acquiring the posts by way of trials and errors with no training for such work. Therefore we can speak of a *spontaneous phase* in the development of managers.

Scientific management mainly represented by Taylor, Fayole and Weber stands for **the second generation** in the development of managers, which later included Sloan and others, while the period was characterized by a scientific approach to management and defining a whole range of functions, methods, procedures and approaches.

The third generation of managers started to develop after the world war II. For this generation, the principles of the preceding paradigm were insufficient with respect to growing problems in management which resulted in focus on management of production and other companies stressing flexible production, decentralization and team work.

Each of the above generations has made a positive contribution to the present, therefore it can be stated that **the fourth generation** – knowledge generation is very comprehensive putting emphasis on synergy, customer imperative and the importance of team work.

...what about the training of managers so far?

The first generation of managers was made by self-learners, since the greatest training for them was their work experience.

The **second** period was characterized by developed mass production applying the philosophy of considerable division of labour, which was caused by the way production lines were constructed. The training of managers was therefore based on the same principle.

The third, but mostly the fourth generation of managers, however, cannot be satisfied with an analytic approach to individual operations carried out by the less qualified executive workers with high degree of management specialization. The training is focused on developing integrating skills, wide-ranging knowle (the whole decision-making chain is appealed to), the ability to synthesize and thinking in connections.

The above characteristics suggest that the new model of production, unlike the industrial model, does not stress the analysis of processes into ever smaller components, and does not therefore define production as a chain of separate steps.

On the contrary, along the lines of the philosophy of integration, its view of the production process is synthetic. These principles must also be respected by those who manage the production procedures and, importantly, by those who prepare them for the task.

	Modernism	Postmodernism
Management in business	stress on an analytic approach to problem-solving	stress on a synthetic solution and synergic approach
direction of managers	integrating principle in business based on the needs direction: from high specialization	thinking in connections creative thinking from the whole towards specialized knowledge
training of managers	stress on the principles of division of labour and specialization and therefore specialists in top management	stress on an integration approach to education and generalists in top management

Let us take a look at the future...

Thanks to the development of postmodernism, companies as such are unique in their knowledge while at the same time, the “core” of the company remains important. Knowledge becomes a hidden asset of companies facing fierce competition, for to produce without being able to sell necessarily results in failure. However, knowledge must penetrate various levels of companies’ activities, such as products, market and customers. Not only that, all facts, acquired knowledge and various data must be processed and turned into knowledge, which is exactly the task of knowledge management. Any further codification of the acquired knowledge and its spreading thus make the basis of KM.

...what about the future training of managers?

Here it is essential to predict the future development, since just like industrial era is being replaced by the age of knowledge, so must educational programmes change their present character. Today, they are a faithful copy of the principles of specialization and division of labour mentioned above, which continually result in the creation of new specialized centres like university departments with highly specialized subjects such as marketing, management, logistics, psychology and the like. Such educational system can be termed **functional**. It could also be pregnantly described as “absorbing”, because it forces students to virtually absorb vast amounts of knowledge that has to be presented at a certain moment, which, however, is not very useful for knowledge society.

Such approach results in the following:

- students accept knowledge as something strange, they feel animosity towards attaining knowledge – it is to be used once only – they can “throw it away” once they have passed the exam,
- the only sense and goal is to pass an exam, and this has become stereotypical to the extent that any effort on the part of the teacher to offer critical, needs oriented knowledge with inner connections encounters reluctance, because student require precise and limited facts,
- students do not trust knowledge and thus have no idea of the real force of knowledge, they are not able to argue effectively,
- in business, such “educated” managers apply the model of management based on leadership, i.e. vertical hierarchy based on the relationships of subordination,
- the ability to innovate is diminished with respect to perspectives.

Similarly, the exact approach to education does not yield the required fruit. It is based on the principle of continuous computing formulas and completing tasks with various, yet accesible measurable values. This means that the future manager is asked to deal with decision-making problems in the environment of security, or risk in the worst case.

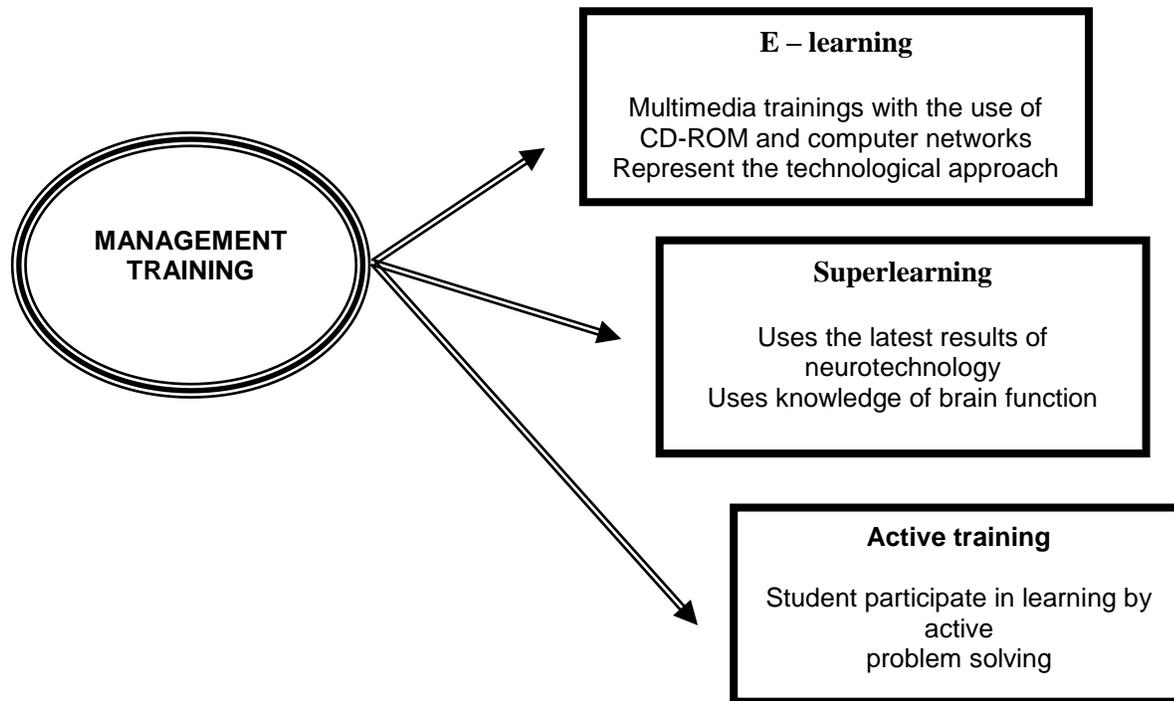


Figure 3: Management training

The overall tendency in education, however, should lead to integration and creation of **process system of education**. The present trend with stress on some of the aspects of educational process (cognitive, behavioural, etc.) is being replaced by new trends mirroring the needs of knowledge age. There are several possibilities in terms of management training. University education in new conditions should therefore:

- put emphasis on creating an open developing system of education which does not underline encyclopaedic knowledge,
- study concentrate on problems and coping with real situations with the help of general methodology and philosophy of knowledge,
- enhance general knowledge to be adequately used by the student when acquiring knowledge in specialized branches and applying it to complete practical tasks,
- allow students to create their own system of knowledge with value, functional, trustworthy and motivating potential,
- prepare future managers for team-work.

This is just the beginning on the way to new educational systems, and, like everything new, this process is a “long-distance run”. In this sense it is important to know what we want. It is crystal clear that managers today are far from running activities or processes of exact nature, on the contrary, many times they have to rely on their intuition, because they often sail with their ship – the company - in the conditions of indeterminacy. One of the positive aspects is that modernization of education is not a priori refused any more. It remains to be said, however, that the discussion of the issue in educational institutions are not always peaceful and that we are certain to encounter many negative attitudes. The main problem seems to be not so much the lack of the so called renaissance teacher, but rather an offer of alternative education specified in details, which would replace the present educational processes whose philosophy of division of labour has not been overcome yet. Consequently, it seems that despite many obstacles to creating integrated and inter-disciplinary approaches, these will become the domain of our departments, too, and not only the reality encountered by managers through their work experience. This can also be achieved by cooperation of the new and the present approaches, in other words, specialization cannot stay in way of an integrated approach to the process of education, which is our foremost goal.

References

www.modernizirizeni.cz

Strenitzerová, M.: Systém kariérového rozvoja pracovníkov v ST, a.s., Práce a štúdie Fakulty PEDaS, vol. 12, Žilina, 1999

Veber J.: a kol.: Management, zásady, prosperita, globalizace. Management Press. Praha 2001

www.ibispartner.cz