Changing management paradigms: implications for educational institutions

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Abstract

Purpose – The greatest competitive challenge facing companies today is said to be embracing change. The business environment is in constant flux and companies must grapple with a host of new realities. This backdrop of change has catalyzed a reassessment of traditional managerial concepts and practices. Aims to trace the evolution of a new management paradigm and identifies its main drivers.

Design/methodology/approach – The paper provides narrative and analysis.

Findings – Assesses the implications of the change in management paradigms for the educational system, highlights needed adjustments in orthodox management education and lingering challenges for management education providers.

Originality/value – Provides help in understanding the perspectives of the various business stakeholders that can help academics allocate resources and design programs that cater for the needs of managers in the 21st century.

Keywords Change management, Management activities

Paper type General review

Introduction

The dawn of the 21st century has brought with it an unprecedented wave of change. The days of mass production or standardized products appear to be over. The key words for the future are variety, flexibility, and customization. Indeed, a new techno-economic rationale is emerging, with a clear shift towards information intensive rather than energy or material intensive products. Globalization has also brought with it new business opportunities, and a growing global marketplace, where information goods and capital flow freely and customer choice is expanding.

Against this backdrop of change, the field of management has suffered some degree of dislocation (Collins, 1996). This dislocation has in turn catalyzed some soul-searching on the part of managers and academicians alike, and a reassessment of traditional managerial concepts and practices. This paper argues that this introspection has resulted in a discernible evolution in traditional theoretical approaches/orientations as well as fundamentally changed organizational practices, to the extent that the changes qualify as a genuine paradigmatic transformation.

Noting that a paradigm is a framework of basic assumptions, theories and models that are commonly and strongly accepted and shared within a particular field of activity, at a particular point in time (Mink, 1992; Collins, 1998), this paper synthesizes the main assumptions of what is commonly referred to as the traditional management paradigm and identifies the main drivers that facilitated the ascendancy of an alternative management paradigm. The philosophy and guiding principles of this
new paradigm are then addressed. The implications of this paradigm shift for institutions of higher education are in turn assessed to delineate the challenges associated with the evolution of a new management pedagogy in universities.

**The traditional management paradigm**

Functional hierarchical line management was the main management paradigm for nearly 200 years. The system was based on the theories of Fayol, Taylor and Weber that viewed the management environment as stable and as such tended to prescribe centralized decision-making processes and hierarchical communication channels (Table I). Organizations were perceived to be rational entities pursuing specific rational goals through their organization into highly formalized, differentiated and efficient structures (Turner and Keegan, 1999; Burnes, 2000; Jaffee, 2001). This mechanistic orientation dominated most businesses in the past and is still commonly encountered especially in the context of developing countries.

As shown in Table I, the traditional management paradigm was characterized by its inward focus, with special attention accorded to cutting costs, complying with rules, respecting hierarchy, and dividing labor into simple, specialized jobs. It was narrowly focused on promoting production efficiency and combating waste. Within the spirit of this overarching objective, a range of practices were prescribed and allowed to flourish, including a focus on order giving and control, enforced standardization/cooperation, and authoritarian/disciplinarian approaches to management. This was generally associated with a mechanistic orientation to structural design, emphasizing high specialization, rigid departmentalization, clear chain of command, narrow spans of control, centralization and high formalization (Kreitner, 2002; Robbins and Coulter, 2003).

The overriding concern of the traditional paradigm was thus with improving the firm’s productivity, and managing available resources in a static and stable technological environment (Khalil, 2000). Within this context, managers were viewed to be solely accountable for making strategic decisions that all had to embrace and implement (Black and Porter, 2000). They were commonly perceived as watchdogs, police officers and manipulators pertaining to a privileged elite class (Burnes, 2000). Labor was also commonly characterized as unreliable and predisposed to seek the

<table>
<thead>
<tr>
<th>Based on</th>
<th>Contribution</th>
<th>Emphasis on</th>
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<tbody>
<tr>
<td>Taylor (1913)</td>
<td>Scientific management</td>
<td>Experimentation, standardization, and the use of diligent scientific observation, time and motion study, systematic worker selection and training and managerial responsibility for monitoring and control</td>
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<tr>
<td>Fayol (1949)</td>
<td>Functional management</td>
<td>A core management process revolving around universal functions (e.g. planning, organizing and controlling) and principles such as division of work, discipline, centralization, order and stability</td>
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<tr>
<td>Weber (1922)</td>
<td>Bureaucratic management</td>
<td>Division of labour, hierarchical authority, formal rules/regulations, and impersonality contributing in turn to efficiency, precision, consistency, subordination, and reduction of friction/personal costs</td>
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*Source: Kreitner (2002); Robbins and Coulter (2003)*
maximum reward for the minimum effort. Access to information systems and data was therefore tightly controlled as concern about low trust, suspected motives, and fear about confidentiality prevailed (Boyett and Boyett, 2000). Promoting knowledge was also accorded low priority as emphasis on specialization and standardization undermined the need for learning. In such an environment, individuals had a tendency to be inhibited and uncreative, whereby new ideas were dismissed and people were discouraged to take risks, or experiment (Carnall, 2003).

The classical management system worked well when markets, products and technologies were slow to change (Turner and Keegan, 1999). Nevertheless, the system’s revealed weaknesses and limitations were gradually exposed with accelerating globalization and technological innovation.

Drivers of change
A rapidly changing techno-socio-economic environment is presenting new challenges for structuring and managing organizations. Increasing technological complexity and the need to diffuse information and technology within the organizations is proving to be beyond the capacity of the old rigid hierarchal management system. Technological complexity implies the need for higher levels of human knowledge and multi-disciplinary involvement (Bridges, 1996; Boyett and Boyett, 2000). Firms operating in the knowledge economy need to harness growing knowledge, technology and engineering advances and a whole range of new skills and dynamic competencies (Liyanage and Poon, 2002).

Knowledge workers on the other hand rightfully perceive the old management system as under-utilizing their expertise and under-estimating their willingness to take initiative and responsibility. New attitudes towards work involve feelings of pride and ownership and employees are becoming more concerned about merit, value, worth, meaning and fulfillment (Stallings, 2000). Customers are also becoming better educated, more enlightened, more sophisticated, more inquisitive and critical – in sum more demanding when it comes to spending (Chapman, 2001). New products are having to be innovative, flexible for customization and of high quality while having a short life cycle in a fickle global market (Turner and Keegan, 1999; Longenecker and Ariss, 2002).

On the economic level, the old hierarchal organizations that flourished in a relatively stable market are facing the prospects of a new world order, with permeable geo-political boundaries. The General Agreement on Trade and Tariffs (GATT) and the proliferation of international standards such as ISO 9000 and ISO 14000, allow every company that satisfies the new rules to enter the game. Taken together, these drivers have necessitated a fundamental re-orientation to management, implying that organizations are having to manage in different ways to survive and prosper in the new environment. Some analysts group the different environmental triggers of change into four distinct categories under the acronym PEST (Johnson and Scholes, 1999) or STEP (Goodman, 1995), both of which refer to the political, economic, technological and socio-cultural triggers of change, which have influenced the organizations and their management processes (Figure 1).

A new management paradigm
Organizations have become increasingly aware that the world has turned on its axis, necessitating a fundamental re-assessment of objectives, operations and management orientation. Therefore the 1980s have witnessed the emergence of a paradigm shift, or to
be more accurate the search for new more appropriate paradigms (Collins, 1996; Burnes, 2000). The theories that have most widely affected contemporary management thinking include the behavioral approach, the systems theory, the contingency approach, the culture-excellence approach, and the organizational learning theory, each of which contributed new insights to our understanding of contemporary management processes.

The behavioral approach for example turned attention to the human factor in the organization and the importance of group dynamics and complex human motivations. The systems approach alerted managers to the notions of embedded-ness and interdependencies, while the contingency approach underscored adaptability/situational appropriateness. The culture-excellence approach reminded managers to accord more attention to the softer issues of people, values, and employee/customer satisfaction. It also posited innovation as a central driver of excellence in organizations. The organizational learning approach emphasized the usefulness of carefully nurturing and cultivating the capacity to acquire new knowledge and to put it into new applications.

Figure 1. Environmental triggers of change

Source: Adapted from Senior (2002)
Inspired by these various contributions, traditional management perspectives are being transformed, and the long-held criteria for evaluating organizational and managerial effectiveness are being reinvigorated. While the changes have proved unsettling for many managers and organizations, 21st century corporations are surely charting new grounds where familiar themes and practices are being disrupted and remolded. Business discourse increasingly revolves around intelligence, information and ideas (Handy, 1989) and capitalizing on brainpower and intellectual capital to add value and sustain competitiveness.

Management in the 21st century has accordingly taken a new orientation. It is increasingly founded on the ability to cope with constant change and not stability, is organized around networks and not hierarchies, built on shifting partnerships and alliances and not self-sufficiency, and constructed on technological advantage and not bricks and mortar (Carnall, 2003). New organizations are networks of intricately woven webs that are based on virtual integration rather than vertical integration, interdependence rather than independence, and mass customization rather than mass production (Greenwald, 2001). Table II presents the contrasting assumptions of the traditional and new management paradigms.

Organizations embracing the new management changes are restructuring their internal processes and management approaches around rapidly changing information and technology. This shift is favoring cellular and matrix organizational structures with fewer layers of management over the old inflexible multi-layered vertical hierarchical organizations (Benveniste, 1994; Cravens et al., 1997). The new management philosophy is also embracing innovation as a key ingredient of success and increased competitiveness (Khalil, 2000; Liyanage and Poon, 2002). This entails developing the creative potential of the organization by fostering new ideas, harnessing people’s creativity and enthusiasm, tapping the innovative potential of employees, and encouraging the proliferation of autonomy and entrepreneurship (Blanchard, 1996; Kuczmariski, 1996; Boyett and Boyett, 2000; Black and Porter, 2000).

Modern organizations as such, are making major strides to nurture innovation, positing human knowledge as a key component of their asset base, and creating knowledge bases or repositories to shorten learning curves (Khalil and Wang, 2002; Carnall, 2003). People are treated as the natural resource and capital asset of the organization and the most important source of sustainable competitive advantage. Whereas the traditional paradigm considered labor a commodity to be bought, exploited

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<tr>
<th>Reduction of the direct costs of production as the primary focus of management</th>
<th>Reducing the indirect costs of the enterprise while improving competitiveness</th>
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<tbody>
<tr>
<td>The operations of an enterprise characterized and analyzed as stable</td>
<td>Flexible and agile operations and continuous improvement</td>
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<td>Single critical technology-based product lines with long product lifetimes</td>
<td>Multi-core technology product lines with shorter product lifetimes</td>
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<td>Managers regarded as decision-makers and labor as passive followers of instruction</td>
<td>Managers regarded as coaches/facilitators and labor as knowledge workers/intellectual capital</td>
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<td>World markets divided on a national basis, with national firms dominant in domestic markets</td>
<td>Global world markets and greater attention to international economic and political structures</td>
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**Table II.**
Contrasting assumptions of the traditional and new management paradigms

**Source:** Adapted from Khalil (2000)
to exhaustion, and discarded when convenient, a much different orientation currently prevails, requiring the careful nurturing and skillful management of human resources, with a focus on psychological commitment, empowerment, teamwork, trust, and participation.

The new management paradigm therefore revolves around teamwork, participation, and learning. It also revolves around improved communication, integration, collaboration, and closer interaction and partnering with customers, suppliers and a wider range of stakeholders. Value creation, quality, responsiveness, agility, innovation, integration and teaming are increasingly regarded as useful guiding principles in the evolving new environment (Table III).

Kanter (1989, p. 20) aptly describes the revolution in management practice. She writes:

> The new game of business requires faster action, more creative maneuvering, more flexibility and closer partnerships with employees and customers than was typical in the traditional corporate bureaucracy. It requires more agile, limber management that pursues opportunity without being bogged down by cumbersome structures or weighty procedures that impede action. Corporate giants, in short, must learn how to dance (Kanter, 1989, p. 20).

Against the myriad changes and conflicting expectations, individual managers and executives are being asked to change their approach to running their operations and managing people. The “new” managers we are told must learn to be coaches, team players, facilitators, process managers, human resource executives, visionary leaders, and entrepreneurs (Longenecker and Ariss, 2002). They must also be knowledge-integrating boundary spanners, stimulators of creativity, innovation muses and promoters of learning (Harvey et al., 2002). They must be more bottom-line driven, more innovative, and more focused on the human dynamics of the organization (Chapman, 2001).

The 21st century managers are therefore expected to nurture a complex amalgamation of technical, functional, and socio-cultural skills to cope with the new paradigm, that has changed their responsibilities, increased their risks and weakened their control by flattening hierarchy (Nohria and Ghoshal, 1997; Pucik and Saba, 1998; Fish, 1999). They are increasingly conceived as pillars and architects of organizational competitiveness, linking people, opportunities and resources (Chapman, 2001). On the other hand, failing to live up to these expectations may limit the organization’s ability to thrive in an increasingly complex and dynamic environment.

While managers search for new approaches to management in an ever-turbulent environment, academics also have to search for new approaches and methodologies. Management education indeed needs to reflect the changing times by overhauling not

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<th>Value creation</th>
<th>Value added constitutes the basic social responsibility of the enterprise</th>
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<td>Quality</td>
<td>Quality as a fundamental requirement influencing competitiveness</td>
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<tr>
<td>Responsiveness</td>
<td>Responsiveness to external environmental changes and customer demands</td>
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<td>Agility</td>
<td>Flexibility in communications and operations</td>
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<tr>
<td>Innovation</td>
<td>Fostering new ideas, harnessing people’s creativity and enthusiasm</td>
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<td>Integration</td>
<td>Integration of a portfolio of technologies for a distinctive competitive advantage</td>
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<tr>
<td>Teaming</td>
<td>Decentralized, multi-functional and multi-disciplinary enterprise teams</td>
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Source: Adapted from Carnall (2003)
only its content and delivery modes, but also its overall approach and orientation (Liyanage and Poon, 2002).

**Implications for management education**

In this context of transition and radical change, the field of management education has attracted extensive attention, reflection and criticism. Management education can be described as a formal classroom (off-site) learning experience that attempts to expose managers to new concepts, practices, and situations that can be transferred to the workplace (Longenecker and Ariss, 2002). Formal management education programs may cover a host of specialized topics (e.g. financial management, strategic planning, leadership, negotiation) or may include more comprehensive programs such as certificate granting programs or executive MBA programs. While formal management education is only one way in which managers learn, organizations and individuals often rely on this developmental intervention as a vehicle for improvement (Talbot, 1997).

A key question that is increasingly echoed in management education circles concerns the efficacy and relevance of traditional management education. Various criticisms have been raised and doubt has been cast upon the nature, relevance and appropriateness of orthodox management education. Spender (1994, p. 387) for example notes that, “management education ostensibly designed to equip managers to deal with the world seems to have changed little in recent years”. In the US context, Hayes and Abernathy (1980) specifically linked the decline in competitiveness of US industry with the effect of the traditional professional education model on management graduates. Their critique of this model asserted that management graduates learnt analytic detachment over insight, and that methodological rigor prevented them from learning from experience. A similar criticism has been raised in a recent article by Handy (1987), which linked the decline in the UK economy to the increasingly irrelevant management education which many undergraduate students and post experience managers receive.

Other criticisms abound. Cheit (1985) for example identified 13 major complaints, which have been made against North American business schools, mostly revolving around emphasizing the wrong pedagogical model, ignoring important work, fostering undesirable attitudes and failing to meet society’s needs. He concluded that graduate business education was not preparing students adequately for the challenges of corporate life. Porter and McKibben (1988) criticized the emphasis in the dominant professional management model on quantitative, analytical and rational approaches, and the focus on functionalism at the expense of the integration of business functions across an organization. Beck (1994) criticized the emphasis placed on cognitive learning with a particular focus on theories, models and facts, and the overall positivist orientation of the dominant management paradigm.

While the details of this plethora of criticism may vary, one general underlying theme emerges, namely that the dominant management educational paradigm is rational, positivist, and empirical, with an over emphasis on cognitive learning and the development of theory/quantitative skills. More importantly, the criticisms combined reflect an alarming, yet timely dislocation and crisis of confidence in orthodox management education. Concerns about the adequacy of management education have not accidentally coincided with the evolution of the new management paradigm. While cause and effect may be difficult to establish, it is this author’s opinion that
dislocation in educational circles reflects the changing managerial realities and practices delineated earlier.

It can indeed be induced that management education has generally not responded well to the change in management paradigms. Management education continues to emphasize abstract conceptualization – developing cognitive skills and analytic ability as well as a knowledge and understanding of a wide range of management theories. In attempting to address the deficiencies of the traditional management education model, various initiatives have evolved in recent years, emphasizing approaches based on active experimentation in management interventions, either through organizationally-based projects or through action learning type activities, aimed at applying management theory in specific organizational contexts (Talbot, 1997).

Action learning involves a group of managers, offering mutual support, questioning and criticism to one another in developing solutions to their individual management problems. It combines traditional teaching and assessment with action learning sets and peer assessments (Talbot, 1997; Leitch and Harrison, 1999). Other attempts to alleviate the theoretical and prescriptive focus of orthodox management education have involved the introduction of case study based teaching, organizationally based projects and consultancy assignments. The emphasis is generally on active experimentation, reflective observation and nurturing the ability to deal with new problems in context specific ways (Figure 2).

What these various initiatives share in common is a move away from the static content-oriented approach to management education, with a new focus on nurturing intellectual skills, and the capacity to think critically and independently (Prince and Stewart, 2000). The aim is to develop the type of reflective practitioners who can thrive in the new management environment (Jack and Anderson, 1999). There is also a growing appreciation of the need to connect learning to workplace activities to increase the relevance/efficacy of management education (Vinten, 2000). The main weakness of the traditional management education paradigm has indeed been its focus on the transmission of knowledge, divorcing theory from practice in harmful/unacceptable ways.

**Lingering challenges**
The changes in management paradigms have no doubt created a more challenging environment for management education providers. While some advances have been

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**Figure 2.**
New educational approaches focused on active experimentation

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**Source:** Adapted From Talbot (1997)
made, management education still faces the responsibility of shaping results and behavior, through reinforcing innovation, creativity, flexibility, the capacity to respond to widely different situations, autonomy, self-direction and self-expression. Management education also faces the challenge of cultivating the entrepreneurial imagination and balancing right-brain, creative intuitive thinking, with left-brain analytic thinking in a more holistic and integrative approach (Jack and Anderson, 1999).

Another challenge facing management academics is to develop alternative curricula and modes of delivery, which not only stimulate but also facilitate a process of continuous learning. Sexton and Kasarda (1991) advance the notion that the two goals of most business education programs are to prepare people for career success and to increase their capacity for future learning. Exposure to different learning styles promotes a propensity for life long learning, which in turn posits itself as increasingly vital for fighting the rapid obsolescence of technical skills (Davies, 1998). Higher education today has an acknowledged role in lifelong learning, and in shaping capable people who not only know about their specialism, but also have the confidence to apply their skills in varied situations and to continue to update their knowledge and learn from experience (Yorke, 1999).

To the extent that every career in business involves some combination of knowledge and skills, management education also faces the challenge of the integration of functional knowledge. This is an area where little progress has been achieved, given the continuing inclination in many business schools to compartmentalize education either in business or in engineering, to focus on specific business functions (e.g. accounting, marketing, finance and human resources) and limit interdisciplinary fertilization (Khalil, 2000). There is a growing body of opinion that delineates that one of the major foci in the future should be on process-based approaches with an emphasis on holistic action skills which stress the fluidities of managerial work in its different guises (Garavan and O’Cinneide, 1994; Jack and Anderson, 1999).

To cater to the needs of a highly skilled and internationally orientated workforce, business schools also face the challenge of pursuing complex inter-university networks and symbiotic relationships with industry. Global alliances of this sort seem increasingly important to secure new forms of diversity with excellence for an expanded student population (Hagen, 2002). They offer promising prospects for sharing fixed costs and associated risks, synergising expertise and utilizing complementary assets/skills, facilitating new processes and enhancing innovation. Fighting insularity thus seems crucial to stay at the leading edge of the global knowledge network.

Business schools generally considered as the success story of the last century now face the responsibility of rising to the challenge (Vinten, 2000). There is indeed growing ambivalence towards business schools stemming from their core stakeholders and host institution, criticizing their complacency, ossification and irrelevance (Porter and McKibben, 1988; Crainer and Dearlove, 1998). Similar to their corporate counterparts, business schools are now challenged to respond by adopting new orientations that are imbued with notions of efficiency, responsiveness and innovation and adapting their educational programs to an increasingly competitive socio-economic environment (Dearlove, 2002).

There is thus a pressing need at this point in time to encourage research relating to curriculum development, program content and delivery modes. The major challenge of
management education and training is indeed the appropriateness of curricula and training programs for preparation and learning in the outside world. These challenges are truly global, requiring attention and collaboration between management schools, and partnerships with industry, to identify guidelines for curricula renewal and mechanisms for delivering management education that meets the needs of contemporary managers.

While there is no global model of success, some suggestions can be made relating to periodic structural and curricula adaptation and innovation, non-tradition-bound teaching, coherent integration of learning outcomes into course design, a bias towards the application of knowledge acquired, interdisciplinary involvement and functional integration, as well as fruitful partnerships with employers, alumni, corporate leaders and recruiters. A better understanding of value from the perspective of these various stakeholders can aid academics in allocating resources and designing programs that truly cater to the needs of managers in the 21st century.

References


Further reading


