

## CHAPTER 4

### THE MANAGER OF THE 21<sup>ST</sup> CENTURY

#### *Management knowledge, management skills, and the management curriculum*

#### INTRODUCTION

As became clear from the previous chapter, the network economy differs from its predecessors (the industrial and the agricultural era) in fundamental different ways. Consequently, a different economic reality has emerged as well as new organizational logics. Managing in this network economy, therefore, diverges from the characteristics of the managerial job in previous eras. Not only has knowledge moved center stage in the network economy, novel fields of knowledge have also emerged and are developed quickly. Moreover, the art of management has become more complex in this new economic reality, not in the least place by increased market volatility, uncertainty, the scope of corporate activities, and the pace of technological developments. Network economy managers are continuously encountering new challenges, constantly requiring adjusting and adapting the managerial role.

The ever-proliferating set of characteristics and competencies that seem to make the managerial role increasingly illusive is needed to survive in an uncertain future. The managerial job itself resembles the complex structure (and traits) of a network organization on a micro-level. In addition, with a new economic reality and changing views on how business should be organized, management knowledge also changes rapidly. Management knowledge should reflect these transformations and the challenge facing business schools, from this perspective, is to transform management education in such a way that it offers the required skills and knowledge for the network society.

This chapter starts by looking at the new way in which knowledge is produced in the network economy, according to ideas stemming from Gibbons et al. (1994) in which the 'production' and transfer of this knowledge is grounded. In addition, it elaborates on what set of skills, competencies, and what knowledge is relevant for the managerial job in the network economy. Obviously, the managerial role should be geared to the vigorating organizational logics and current developments in organizational behavior, technology, human resources, and other functional fields. But what, exactly, does the managerial job look like in the network economy? Additionally, this chapter will explore

the business school curriculum, what it contains, and what functional fields should be represented in the management curriculum.

### THE NEW PRODUCTION OF KNOWLEDGE

The newly emerged economic landscape, which has been labeled the network economy in the previous chapter, poses new demands and challenges on business and managerial functions. Managers that are being confronted with these challenges will experience that traditional beliefs, assumptions, and methods of approach will no longer suffice. Knowledge, in particular, becomes the major production factor (or, as some say, the key feature underlying all production factors) in the network economy. However, the nature of knowledge has changed. When focusing on management knowledge in the network economy, this transformation can be illustrated by looking at the new way in which knowledge is produced.

Gibbons et al. (1994) contend that in this postmodern age one can speak of a new production of knowledge, as opposed to traditional knowledge production and dissemination. Classic knowledge production (Mode 1) takes place independently of context and practical application and refers to knowledge production in the sense of sound scientific practice. In the words of Gibbons et al.:

*"Mode 1 refers to a form of knowledge production – a complex of ideas, methods, values, norms – that has grown up to control the diffusion of the Newtonian model to more and more fields of inquiry and ensure its compliance with what is considered sound scientific practice. Mode 1 is meant to summarize in a single phrase the cognitive and social norms which must be followed in the production, legitimation and diffusion of knowledge of this kind. For many, Mode 1 is identical with what is meant by science" (Gibbons et al., 1994: 2-3).*

Hence, knowledge production in the network economy deviates from traditional knowledge production. Compared to the new mode of knowledge production (Mode 2), Mode 1 is based on other premises. Some of the most essential differences are depicted in table 4.1.

Mode 1 Knowledge production	Mode 2 Knowledge production
Problems are set and solved in a context governed by the, largely academic, interests of a specific community	Knowledge is carried out in a context of application
Disciplinary	Transdisciplinary (knowledge resides complexes of heterogeneous networks)
Homogeneity	Heterogeneity
Hierarchical, aimed at organizational preservation	More heterarchical and transient

Table 4.1. Mode 1 versus Mode 2.

Source: Gibbons et al. (1994)

The transition of Mode 1 to Mode 2 reflects the transition to a network economy. The new production of knowledge transcends traditional disciplines and epistemologies, and clearly incorporates elements of co-development, negotiation, and balancing 'supply and demand' in this production. The sources of knowledge origination and production become to an increasing extent diverse, just as the demand for differentiated forms of specialist knowledge comes from multiple sources. The localized nature of knowledge production is an essential characteristic of Mode 2 knowledge production. This organizational dimension is marked by an increase in the number of potential sites where knowledge can be created, the linking of sites together in a variety of ways through functioning networks of communication, and the simultaneous differentiation, at these sites, of fields and areas of study into finer and finer specialties. Next to universities and institutes of higher education, non-university institutes, research centres, government agencies, industrial laboratories, think tanks, and consultancy firms produce knowledge in an interactive process. This interaction is facilitated by the electronic, organizational, social, and informal links that exist in and between networks. The continuous recombination and reconfiguration of specific (sub)fields of expertise forms the bases for new forms of useful knowledge. Over time, knowledge production moves increasingly away from traditional disciplinary activity into new societal contexts (Gibbons et al., 1994).

Within Mode 2, therefore, different contexts are linked together, creating organizational arrangements that are combining the academic venue, the public venue, and the market venue. Examples of such new contexts include the rapid emergence of corporate universities and institutes aimed at start-ups in the sector of advanced technologies (such as BioPartner in the Netherlands, a network and platform for life sciences entrepreneurs) over the last years (see also Chapter 6). As a consequence, working, learning, and researching in Mode 2, bring issues of social accountability, reflexivity, and quality control into play. People from diverse backgrounds cooperate on a temporary (project) basis, working on a specific problem in which they all have a interest. Actors have to consider and appraise each other's needs and inputs and integrate elements of alien contexts into their own contexts. This invokes higher levels of awareness of each other's contexts and requires flexibility in the interpretation, and definition of research problems, while at the same time pointing at to the broader dimensions and implications of (the outcomes of) their research. In addition, quality assessment involves more than mere peer-reviewing individual contributions, placing broader dimensions, like social, economic, and political impact areas, center stage. Hence, Mode 2 knowledge production can be labeled as networking, networked, and network knowledge. Knowledge is differentiated and resides in heterogeneous networks.

From the perspective of management knowledge, a shift towards Mode 2 of knowledge production means a reinforcement of the plea for interdisciplinarity and managing in and between contexts. This indicates the need for skill-building and the ability for a manager to assert him- or herself in complex and a range of different situations (contingency argument). The next sections explore the demands put on and the competencies required

for the 21<sup>st</sup> century manager from the point of view of the network economy, which are fundamentally grounded in the requirements of managing in Mode 2.

### ROUNDING OUT THE MANAGER'S JOB FOR THE 21<sup>ST</sup> CENTURY

The managerial function has undergone considerable changes during the last century. Formerly, a manager was seen as a *homo economicus*, or a *homo rationalis*, objectifying and monitoring the individual corporate operations. This epoch was characterized by a rather mechanistic view of management, top-down command structures, and strict hierarchic interpersonal relations. Within this classical view of managers, emphasis was put on the 'controlling' job. Henry Fayol and Frederick Winslow Taylor are seen as two of the most famous representatives of this view, while Luther Gulick and Lyndall Urwick used the acronym POSDCoRB (planning, organizing, staffing, directing, coordinating, reporting and budgeting) to categorize the activities within the managerial job about seventy years ago.

As time has gone by, the business environment has transformed into a different playing field, posing different demands and challenges on the management function. This changed competitive reality urges managers who want their enterprises to be and remain competitive to search globally for opportunities and resources, maximize returns on all the assets dedicated to a business (whether owned by the manager's firm or by other firms), perform only those functions for which the company has, or can develop, expert skill, and outsource those activities that can be performed quicker, more effectively, or at lower cost, by others (Snow, Miles & Coleman, 1992). Within the 21<sup>st</sup> century playing field, firms are continuously engaged in boundary-busting, adaptation processes, learning processes and creating the required knowledge and skills to achieve a competitive edge in the turbulent environment of the network economy. The fragmenting impact of firms and often paradoxical processes within them, not only makes it difficult to draw a clear line between the firm and its environment, but also causes their employees to view them and their environments as complicated, turbulent, chaotic, antagonistic, complex and ambiguous realities (Baets & Van der Linden, 2000: 41). Due to these fragmentations, as well as the importance and locus of knowledge and skills, the position of the manager can be viewed as being no longer unique. When a firm's most important assets are its knowledge and skills, then the true capabilities and competences of an organization lie in the worker's mind. As Baets & Van der Linden note:

*"Almost everyone can be considered to be a manager in the traditional sense, even the secretary/executive assistant, who must possess a sophisticated level of communication as well as professional skills. Strategic leadership, that was typically part of the traditional management role, for example, is much more widely distributed than ever before"* (Baets & Van der Linden, 2000: 41).

The question then becomes, what knowledge and skills should reside within the managerial role for the new, networked era? To answer this question, the following

sections will take a deeper look into the nature of the manager's job, managerial roles, and leadership issues associated with it. First these subjects are elaborated from the perspective of the individual manager – say, the characteristics of the managerial role and the issue of leadership. Secondly, the focus will be on the necessary management knowledge for the 21<sup>st</sup> century.

### TRAITS OF THE 21<sup>ST</sup> CENTURY MANAGER

Numerous books and articles have been written about the manager and leadership over the past decades. Generally, the hallmarks of leadership are described in two different models: the traits of successful leaders and the behaviors correlating with business success. The former category consists of vision, self-confidence, ambition, intelligence, social skills, while the latter emphasizes that leaders create a vision that others follow; they articulate deeper feelings of their followers and they act in ways that are consistent with the value they represent to others (Frank & Porter, 1997). Empirical studies support the idea of no normative or best style of leadership, and seem to emphasize the contingent character of managerial work and leadership. An effective manager would have to be able to deal with rapid changes, uncertainty and complex and diverse environments both within and outside the firm's boundaries. A vast amount of research on the role and behavior of managers and on defining what leadership actually comprises has been built upon studies by Mintzberg (1973 and 1994), Stewart (1970), and Luthans (1988). In 'The nature of managerial work', Henry Mintzberg concludes that managers have to be 'well-rounded'. Deceptively simple as this observation may be, it in fact implies that a manager's job is of a very complex nature, commanded by contingency. A manager needs must know at least something about everything, being able to manage in a myriad of situations.

Until recently, however, conventional literature has curiously enough emphasized only single particular traits (Mintzberg, 1994). The *need* for leadership in business renewal, however, is undisputed. Less clear, however, is how to *perform* as a leader. Tom Peters tells us that good managers are doers; Michael Porter suggests they are thinkers; in Abraham Zeleznik's and Warren Bennis's view managers are leaders. Others contend managers are facilitators, coaches, or completers. Recently, an article on contemporary leadership characteristics was published in Fortune magazine, called 'Have you got what it takes?' by Thomas A. Stewart (1999), exploring what qualities should reside within the idealtype manager to succeed in the 21<sup>st</sup> century's corporate environment. Stewart contends that tomorrow's captain's of industry must be e-commerce adapt and old economy tested; must have powerful analytical skills and superb instincts; must know EPS, TCP-IP, ROE, HTTP, EVA and WAP; must be innovators, visionaries, and change agents; must know the difference between an thin client and a lean supply chain; must be able to say 'no' in a way that doesn't demoralize; must be able to inspire people to exceed their own expectations; must be coaches and team players; must have spent several years working on another continent; must be able to work harder and longer than



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van Baalen, P.J.; Moratis, L.T.

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