

MODERN MANAGEMENT PARADIGMES AND MANAGEMENT CHANGES

Prof.dr.sc. Enes Huseinagić, email: huseinagic_e@hotmail.com

International University Travnik in Travnik

Doc. Dženana Huseinagić, prof., email: dzenana.h@hotmail.com

JU Elementary Music School Tuzla

Slobomir P Bijeljina University

Nudžejma Huseinagić, prof.

JU Elementary Music School Tuzla

Abstract: *The managerial challenge of modern times is the replacement of orthodox management systems and identities, which are based on industrial civilization, the insecure world brought by postindustrial civilization. Modern technological, social and market changes require new managerial rules, different methods under different management systems and identity management in the future. Clearly, these evolutionary changes are monitored at the organizational level, but we can take some typologies of titles that will enable us to understand the new trends in managerial philosophy: network organization, learning organization, intellectual enterprise, virtual corporation, renovated corporation, information organization, creative business skills, smart organization and abstained balanced organizations. The new managerial paradigm, which is crucial for a different managerial position, is based on completely new scientific knowledge. Organizations as compound dynamic complex systems are based on the principles of self-organization and learning, and are thus subject to the laws of spontaneous evolutionary development. Companies and institutions on the market are most stable when they are creative and innovative, and when creative chaos dominates.*

Key words: *competitiveness, organization, strategic planning, management concepts.*

Introduction

The basic managerial challenge of modern times is the replacement of entrenched managerial systems and identities based on industrial civilization, an uncertain environment brought about by post-industrial civilization. Everything changes, thinking and theoretical approaches, technologies and business processes, human resources organizations and management, products and services, sales channels and markets, consumer habits and consumption patterns. All this causes dramatic changes in the market. Intellectual capital has become the decisive productive factor and the bearer of value in the 21st century. For the last three hundred years, entrepreneurship has capitalized on technological development, economic change and market approaches, in the future it will capitalize on knowledge and entrepreneurial personalities. All these changes require different approaches to management and management systems, that is, we are talking about new paradigms.

1. Managers in the paradigm world

The paradigm originates from the word "paradigma" and means an example, a reputation, a pattern, a pattern (gram-change pattern)³². It is independently founded in the theory of science, where the system of thought is a kind of conceptual core that is common to members of the scientific community.

Today, managers operate in a world of management paradigms. The "new" system is created through management policies and is the unwritten business practice of successful organizations that talk about

how to deal with certain problems and how to achieve the desired business goals.

In the managerial world, there is a relatively unambiguous definition of management or managerial paradigms on one side of the hard core, on the other, a multitude of different management systems and identities. Managers consider a precise paradigm, but their management systems represent many adjustments and changes throughout the theoretical paradigm.³³

In addition, organizations face a variety of management paradigms, which articulate to managers different needs and goals. No dominant paradigm can have a monopoly on an organization as one that uses complementary and competitive paradigms.

Management paradigms cover three main areas:

- Global technological, economic and social changes,
- Changes in Corporate Organization and Business i
- Changes in management.³⁴

2. Global change and business philosophy of the organization

The uncrowned king of global change in the modern world is John Naisbitt³⁵, whose megatrends have been the most influential in marking global social processes for over thirty years. The book articulated a new American society that was not fully developed at the time. But the mere fact that the restructuring of America is changing

³²M. Vujaklija, *The Lexicon of Foreign Words and Expressions*, Education, Belgrade 1980, 665.

³³E. Huseinagić, *Basic Management*, II updated and revised edition, International University Travnik in Travnik, Travnik 2018, 79th

³⁴S. Možina et al. *Management - New Knowledge for Success*, Didakta, Radovljica 2002, 777.

³⁵John Naisbitt (January 15, 1929) is an American author and public speaker in the field of future studies. His first book, *Megatrends: Ten New Directions Transforming Our Lives*, was published in 1982. It was the result of almost ten years of research. The book has been published in 57 countries and has sold over 14 million copies.

both private and social life, Naisitt's prediction becomes significant.³⁶

Table 1 shows some of his global social movements that outlived his predictions:

OLD PARADIGM	THE NEW PARADIGM
Industrial Society	Information Society
Traditional energy technology	High information technology
National Economy	Globalization and the world economy
Export orientation	Consumer orientation
Short-term decision making	Long-term policies
Centralization of decision making	Decentralization of decision making
Hierarchical organization	Network organization
The dominant influence of the West	Important Eastern way
The dominant role of the state	The rise of cultural, artistic and religious contradictions

Table 1. Naisbitt paradigms³⁷

The global paradox that Nisbitt reminds is surprising. Much larger companies and the global economy will play a greater role and importance on smaller "players". Ninety percent of the US economy is made up of small and medium-sized enterprises. They are the "designers" of the US and the global economy. The larger the system, the more efficient its components will be, and the end result is quite clear. In all areas, visibly smaller and more powerful units dominate, that is, the most influential innovative and enterprising individuals. Although wealth creation and sharing will remain an essential lever of power, in the future it will only be possible without coercion and violence. The new system of social power will be based on knowledge, mutual trust and global integration.

This is one of the most uncertain and exciting changes throughout the history of political - economic power. We live in a time when industrial capitalism has undoubtedly come to an end, with the effective organization of the world economy and its dominance in the global world.

Where will existing capitalism stay and what will it be like tomorrow? Lester Thurow³⁸ described the end of the last century as a time of devastation that spanned five directions in the 1990s: the end of the communist economy, intellectual capital technology, population explosion and third-world social inequality, global economies and business networks, and a period without a dominant world in terms of economic, political and military forces. We are facing capitalism of the "knowledge economy". This is a time when new rules for individuals, organizations and states dominate based on the knowledge economy and represent the dominance of intellectual capital.³⁹

2.1. Changes in management systems

Modern technological, social and market changes require new managerial rules, different methods under different systems management and identity management in the future. These evolutionary changes are most clearly monitored at the organizational level, but we can take some typologies of titles that will allow us to understand new developments in managerial philosophy: network

³⁶J. Naisbitt, *Megatrends - Ten New Directions for Changing Our Lives*, Globus, Zagreb 1985,9.

³⁷ J. Naisbitt, *Megatrends: Ten New Directions Transforming Our Lives*, Warner Books / Warner Communications Company 1982, 76.

³⁸Lester Carl Thurow (May 7, 1938 - March 25, 2016) was an American political economist, former Dean of the MIT Sloan School of Management and author of books on economic topics.

³⁹ L. Thurrow, *The Future Capitalism*, William Marrow & Co. P, London 1999, 87.

organization⁴⁰, learning organization⁴¹, intellectual endeavor⁴², virtual corporation⁴³, renovated corporation⁴⁴, information organization⁴⁵, creative business ability⁴⁶, smart organization⁴⁷ and restrained balanced organizations.

The new business philosophy is based on the following settings:

- Long-term business orientation (Law: "Today, as a long-term future before you",
- Time economics is replaced by volume economics (mass production is replaced by rapid production;
- Internal trust of employees, shareholders and business partners ("Hope is the new managerial religion",
- Replacing Profit with Business Partner Satisfaction, Maximizing Values and Values (Our goal is to maximize the value of an organization with the values of all employees, shareholders and business partners;
- Domination of intellectual capital as a basis for competitive advantage ("most people, their knowledge and entrepreneurial skills),
- Complex measurement of non-financial business processes for more efficient leadership changes ("our effective leadership depends

on our measurement of error and competitiveness"),

- Economics of business processes and business reengineering ("information technology and new human resources management are the main tools for continuous improvement of business processes");
- Business strategies are about reengineering business processes and competitive advantages that help improve business excellence ("our competitors are the best mentors who teach you how to overcome them").⁴⁸

2.2. The role and importance of managers in contemporary business

Change is the only constant of this unpredictable, faster and global world. At the top of the pyramid is a manager with his creation. A modern organization must implement changes that encourage managers to:

- openly deal with market challenges,
- be faster than an entrepreneurial organization,
- have a new vision and strategic renewal process,
- have different managerial involvement,
- have greater responsibility for business results.

⁴⁰P. Drucker, *The Coming of the New Organization*, Harvard Business Review, Jan-Feb., 1988.

⁴¹P. Senge, *The Fifth Discipline*, Doubleday, New York 1992.

⁴²J.B. Quinn, *The Intelligent Enterprise*, Free Press, New York 1992.

⁴³W.H. Davidow & M.A. Malone, *The Virtual Corporation: Structuring and Revitalizing the 21st Century Corporation*, Harper Collins, New York 1992.

⁴⁴ M. Hammer & J. Champy, *Re-engineering the Corporation: A Manifesto for the Business Revolution*, Nicholas Brealey, London 1993.

⁴⁵ R.D. Hames, *The Management Myth*, Business Publishing, Sydney 1994.

⁴⁶ I. Nonaka & H. Takeuchi, *The Knowledge Creating Company*, Oxford UP, Oxford 1995.

⁴⁷ D. Matheson & J. Matheson, *The Smart Organization*, Business Scholl Press, Boston 1998.

⁴⁸B. Kovač, *New Management Challenges and Slovenian Managers*, Didakta, Radovljica 2002, 779.

The new managerial paradigm, which is central to the position of manager, is based on three new scientific insights:

- Organizations are complex, dynamically complex systems that are based on the principles of self-organization and learning, and are thus subject to the laws of spontaneous evolutionary development;
- Companies and institutions are the most stable in the market when they are creative and innovative and creative chaos dominates;
- Therefore, entrepreneurship is a key driver of business change and organizational development. Organizations do better when left to spontaneously arrange things and make competitive choices in the marketplace rather than over-intervening. The modern organization no longer needs conventional managers. So, as a result of these changes, all four classic managerial functions are transformed:
 - planning becomes focused learning and promotion,
 - organizing involves decentralization, standardization and quality management,
 - managing to replace business ventures through self-initiative,
 - monitoring changes in the form of self-regulation and general accountability to others.

Table 2 shows the change, that is, the way of transforming the four classic management functions.

CLASSIC FUNCTIONS	NEW BUSINESS PROCESSES	NEW FORMS OF CAPITAL
Planning	Learning and Knowledge Management	Social capital
Organizing	Editing business processes	Intellectual capital
Guiding	Business initiative	Intellectual capital
Control	Self-control and social responsibility	Human capital

Table 2. Changes in classical managerial functions from the perspective of knowledge management

Asset management requires the right people in the right places at the right time and in the right way to jointly increase the value of the organization and the satisfaction of commercial actors. Contemporary management is people-oriented and wants to deliver value to people. This means balancing human, social and intellectual capital in organizations. All these forms of capital are the key to creating value and effectively fulfilling the goals of the organization.⁴⁹

Human capital is a part of intellectual capital that consists of knowledge, understanding, skills, experiences and connections between employees.⁵⁰ This means that human capital involves investing in the ability of individuals to use their knowledge in terms of solving business problems.

Social capital is a concept that dates from the eighteenth century and has only recently

⁴⁹E. Huseinagic, Basic Management, II Edited, Travnik International University, Travnik 2018, 256.

⁵⁰E. Huseinagic et al. Lexicon of Management, Travnik International University, Travnik 2017, 298.

been revitalized in the midst of debates on civil society. A useful understanding of social capital is as "systems of norms and networks (within the community / society) that facilitate collective action." Another useful concept is the understanding of "social capital as a social (common) resource that facilitates and / or impedes an individual's access to other social, economic or natural resources." From a management perspective, social capital is the value of a system, such as trust, common norms and rules that promote communication and coordinate the work of an organization.

Intellectual capital is a combination of social and human capital, which allows for increased value and greater operational efficiency of the organization. Modern societies today are represented as "knowledge societies", companies and institutions are becoming "learning organizations", and employees are increasingly recognizing "intellectual workers". Knowledge becomes a diversified commodity in the market, it becomes a capital in companies which is necessary for achieving new competitive advantages and business excellence.

3. B&H managers and the applicability of management paradigms

Research shows that in the last ten years in the private sector, certain managerial paradigms have existed in the private sector, maintaining a certain managerial identity, and in addition certain managerial systems have evolved. To date, public companies and institutions have paid little attention to the intellectualization of their businesses. The combination of managerial paradigms is not clearly identified.

In principle, there are three types of organizations in B&H:

- Traditional organizations that intend to maintain existing business forms;
- Organizations that follow managerial trends and imitate leading companies in terms of business excellence;
- Revolutionary organizations that want to radically change their business culture and the management systems and criteria used in the global business world of success.

Traditional organizations, characteristic of the first post-socialist period of the 1990s, have the upper hand in Bosnia and Herzegovina. At the beginning of the 21st century, in the countries of the region, there was a transition from traditional organizations to organizations that would be able to articulate, among other things, an intellectual view of the most important management paradigms in the world.

Figure 1, illustrates the pyramid of global management paradigms in recent decades.

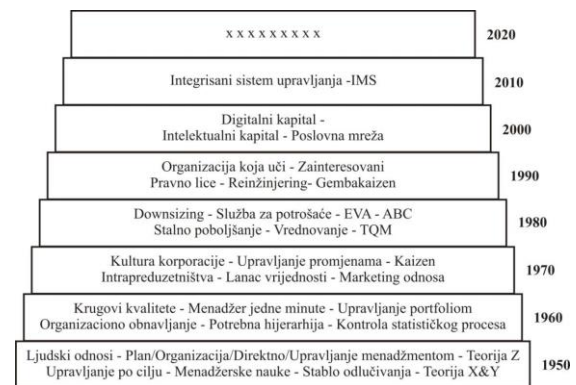


Figure 1. Pyramid of global management paradigms in recent decades

Thus, traditional organizations dominate in Bosnia and Herzegovina, but the future belongs to the creative drivers of managerial change. With the advent of EU pre-accession funds in the countries of the region and B&H, significant regional and global corporate firms are beginning to develop. Revolutionary organizations came forward. It is essentially an imitation approach but over time it will be possible to create a whole new and creative management approach. Successful competition requires knowledge, entrepreneurial spirit, quality of products and services and quality access to markets, which can only be achieved by mobilizing development potential and entrepreneurial organization through initiatives. B&H management is largely part of a post-socialist adversarial social practice. In the period of transition, we describe this practice as a central economic (driver of growth and development) and social role development. In transition, it is normal for managers, in addition to managing organizations, to have some political responsibility for a favorable outcome to the level of European integration and overall social development in B&H at the end of the 1990s and the beginning of the 21st century. If B&H is to stimulate successful company development comparable to prosperous European countries and the region, it must first and foremost create its human, social and intellectual capital in organizations more effectively. The question is, who manages B&H enterprises after the formal privatization. On the one hand, these are internal owners (employees, managers, former employees ...) and on the other, external owners (authorized companies, funds, the state, individual shareholders ...). It should be remembered that the privatization of B&H companies was such that the participation of strategic owners was minimal and that foreign investors were virtually excluded from the privatization process. The state and

"parastate" hold one third of the share in the companies (somewhere and the whole part), while other funds form a non-homogeneous group with all problems of unfinished privatization.

3.1. Competitive ability of organizations and management in Bosnia and Herzegovina

Empirical studies have shown that B&H companies are unable to achieve maximum productivity. Companies are increasing their production efficiency in B&H mainly by reducing the number of employees. Modern methods of cost rationalization, technology advancement, innovative products and marketing approaches, new work organizations and more efficient management methods are lacking.

B&H managers implemented business improvement primarily through standard methods of work that are based more on experience and less on the knowledge of modern management paradigms. Thus, in the late 1990s, managers felt that managerial understanding of competitive advantages was relatively less important. Their negative attitude towards entrepreneurial innovation and improvement of global competitiveness is justified by the dominant struggle for business, survival and especially subsequent privatization. As early as early 2000, it turned out that most companies could not cope with contemporary elements of international competitiveness, and that under such conditions, B&H managers were the most responsible.

There are three groups of managers and management systems in Bosnia and Herzegovina:

- The first group of managers understand the business conditions and are not satisfied with the competitiveness of their business. Seek to improve the competitiveness and promotion of new management systems, which

are comparable to the best organizations in the market;

- The second group of managers, less successful companies are aware of competitive disadvantages and they mainly use existing managerial models and working methods;
- The third group of systems is filled with firms without sufficient capacity to successfully restructure without managers, who would be able to rotate and resolve the structural organization and to prevent the crisis from developing.

3.2. Strategic planning and mergers

One important indicator of the performance of B&H managers is to measure the quality of their strategy. Based on numerous analyzes in the last ten years, it can be concluded that the strategic direction of B&H companies has been improved. Leading companies (in the top 100 in B&H) have abandoned the traditional method of annual and medium-term planning and moved to the introduction of advanced strategic planning methods.

Among strategic orientations, the following prevails:

- niche development strategies and product differentiation,
- business quality strategies (especially ISO),
- export strategies and entry into foreign markets.

Foreign direct investment is an important instrument of international economic relations (globalization). The modest share of the B&H economy is due to the uncertain institutional environment. Of course, managers in this section do not have the power to do something productive. It is true that in the mid-late 1990s, B&H managers did not specifically plan domestic and foreign acquisitions of strategic alliances. This is explained by the high share of

internal ownership, limited competition in the domestic market and unfavorable conditions for foreign investment.

Conclusion

All of these concepts result in what is today called the "fifth generation of management," characterized by co-creation through virtual enterprise, dynamic teams and knowledge networking. These concepts are complemented by other concepts that already exist in developed countries today, such as "radical management", "reinventive management", "agile management" and "management 2.0." Contemporary management literature states that all these models should indicate that there has been no reflection on previous management knowledge, but should be accepted as an improvement in management practice. Finally, it should be emphasized that at the beginning of the 21st century, "integration" became the key word, and "integrated management systems" the best management approach for the simultaneous balanced satisfaction of customers and other stakeholders and the long-term sustainable development of the organization. Integrated Management System (IMS) is based on the integrated application of multiple international management standards and is a way to effectively manage an organization. The only thing that does not change is the quality of people and good management: companies and companies cannot be successful without them for a long time. In this sense, we can state that the management in Bosnia and Herzegovina must be viewed through effective (useful) knowledge that is applied in the continuous process of planning, organizing, managing and controlling business activities in order to achieve organizational goals in order to make the enterprises in Bosnia and Herzegovina more effective and more efficient. Only by investing in human resources can long-term competitiveness be

created that cannot be copied. All research shows that the right practices, that is, modern management concepts, contribute to creating a significant advantage in all areas of organizational performance.

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