

PETER F. DRUCKER

**Management
Challenges
for the
21st Century**

Desafios gerenciais para o século XXI.
São Paulo : Pioneira, 1999. 176 p.

from **Peter F. Drucker**
New York : Harperbusiness, 1999. 207 p.

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In this hottest masterpiece, the Guru of management analyzes the forces that will shape the future of organizations, managers and ultimately society as a whole.

Throughout the book, which is divided in seven parts, the author shows that what is

successful and accepted today is most likely to be entirely counterproductive in the years ahead.

Peter Drucker's main idea

Managers need to adopt new paradigms and address new challenges arising from the

changing social, economic and demographic realities of the evolving marketplace. Regarding the most important challenges companies will face, a survey conducted by the *Financial Times* (Smy, 1999) corroborates the author's main argument (see Table 1).

Drucker demonstrates how only organizations which move boldly forward, working their way through the myriad of issues that arise, stand any chance of prospering in the future. We share a similar opinion considering that the future of society as a whole rests squarely on the ability of managers to react successfully to the challenges they currently face.

The challenges of new management paradigms

Peter Drucker discusses the old and the new paradigms of management in today's rapidly changing world. He states that since the 1980s, the old paradigms have actually become obstacles and must be replaced.

Good management means to be responsible for everything that affects the performance of the organization – both factors under direct control and those totally beyond it. Moreover, in the next century, the focus should not be on managing people but rather on getting people to work together, and that requires leadership rather than management. This insight is very useful given that the management challenges of the present should be embraced as opportunities to move forward rather than ties to the past.

The challenges of economic and political realities

In this section, the author argues that, to make progress, business managers should avoid initiatives that are politically driven or based on national or regional economies. Instead, the organization should keep its focus on the issue of global competitiveness. In the near-term, managers should be realistic about currency fluctuations as the ability to manage currency exposure will become very important. However, this assumption seems less important since seven months after the publication Drucker's book, the *Financial Times* revealed that senior executives are more concerned about the recruitment

implications arising from increasing business globalization (Table 1). Actually, more than three-quarters of the respondents put recruitment concerns as one of the top three challenges they foresaw in the new millennium (Smy, 1999).

Table 1 – Most important business challenges companies will face in 2000

Rank	Challenge
1	Recruitment of skilled staff
2	Increased pressures from stakeholder groups
3	Increased environmental demands
4	Increased world trade friction
5	Currency volatility
6	Access to finance
7	Re-emergence of inflation

Source: Smy (1999).

The challenge of change leaders

According to Drucker, change leaders should focus on exploiting new opportunities vigorously, but there is a natural bias in any organization towards continuity. For instance, when new and innovative services, products or processes have been developed, the change leader is totally committed to exploiting those opportunities to the fullest – with the most able and best performing people in the company being responsible.

Here, the author accurately shows that the organization must have a willingness to create change, while the organization culture must see change as a positive and desired objective.

The challenge of information

The need for executives to routinely seek new kinds of business and market information that today's technology provides was already present in Drucker's (1998) previous book, *Managing in a time of great change*. Now he argues that for the 50 years the information revolution has already been under way, most of the emphasis has been on collecting, storing, retrieving, transmitting and presenting data.

In the 21st century, there will be less emphasis on data and more on information – how to redefine tasks using greater amounts of information and how to redefine the organizations carrying out that task.

We go along with the idea that information systems for managers will be equally compatible with the needs of all knowledge workers within the organization. For Drucker, the real key is to develop a system to gather this type of information about the broader environment, markets, customers, non-customers, technology, finance and society in general.

The challenge of knowledge worker productivity

In the 20th century, manual workers have always been viewed (economically) as costs of production, to be controlled and ultimately reduced wherever and whenever possible. However for the new millennium, knowledge workers are not a cost that should be minimized. They are assets that need to be managed and preserved. “The most valuable assets of a 20th century company were its production equipment. The most valuable asset of a 21st century institution, whether business or non-business, will be its knowledge workers and their productivity” (Drucker, 1999).

Drucker (1994) already explored this issue in the famous *Post-capitalist society* where he explained that knowledge – not labor, land, or other forms of capital – is the planet’s primary resource. Pursuing this assumption in *Management challenges for the 21st century*, he

remarkably demonstrates how all the economic and social gains of the 20th century, including the emergence of the “developed” countries, were made squarely on the back of increases in the productivity of manual workers as newer and better tools became available. Comparable work on increasing the productivity of knowledge workers is just getting underway.

The challenge of managing oneself

Peter Drucker argues that knowledge workers will have a longer working life than manual laborers. In fact, most knowledge workers will have productive careers of 50 years or longer. Since the average life expectancy of a successful business is only about 30 years, knowledge workers must be prepared to have two or three careers. It follows that people should manage themselves rather than follow a pattern set down by an organization.

To conclude, this book should be regarded as a valuable masterpiece both for executives and academics. The paperback helps to open a window on the future at the same time as it questions the biases of our centralized mindset (Malone and Laubacher, 1998).

However, we acknowledge that reviewing the work of the master of management was a delicate task. As a result, we choose to close this academic book review on the Guru’s latest message: “The changes discussed in this book go way beyond management. They go way beyond the individual and his or her career. They actually deal with the future of society.” ○

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