

THE CHALLENGES OF CONTEMPORARY MANAGEMENT

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Abstract: *The purpose of this article is to present new challenges facing today's managers and the threats posed by contemporary management areas. This article shows that the broad field of science of management, is not a static, but dynamic, being under the influence of the situation prevailing on the markets, in the organization or the competence of managers. After presenting the essence of management, this paper presents the threats, currently occurring and require an appropriate response from management, as an area of study and managers.*

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JEL classification: *J5, J54, M1, M54, O32*

1. Introduction

In current days, the concept of management is widely used in connection with almost every activity - risk management, logistics management and human resource management. In the general opinion, it would seem that the term has gained in popularity, especially in Poland, in the last 20 years, when entered into general use after the year 1989. But, however, the concept of management has existed for several years, in human consciousness, it can be assumed, that the phenomenon of management has occurred since the beginning of mankind. Management has emerged at a time, when the first people decided to live together in the form of clans or groups of settlement. Their survival depended on effective hunting and foraging, and these activities required both skill, possessed by individuals, and the effort

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made by the whole group. In the meantime, strong individuals, having the ability to manage the rest of the group, took over the responsibilities of management, with the aim of carrying out the tasks for the rest of the group. Thus the first managers were born. With the time passing and the development of both, societies and technology, more complex tasks and the need to work in larger groups, developed the need to name the area, in which inextricably contact people, as workers and leaders, the manufacturing processes or service, machines, equipment and materials, used to implement processes (Brzeziński, Stefańczyk, 2013). This area has been defined as a management, and it will not be an exaggeration to consider it, as perhaps the widest area of a contemporary science. The management term is commonly used, and can refer to almost every aspect of life. This versatility and breadth, causes, that over the years, many definitions about management has arisen. One of the commonly used definition, is a definition setting management as: “...organizational process that includes strategic planning, setting objectives, managing resources, deploying the human and financial assets needed to achieve objectives, and measuring results. Management also includes recording and storing facts and information for later use or for others within the organization. Management functions are not limited to managers and supervisors. Every member of the organization has some management and reporting functions as part of their job” (Hissom, 2009). Despite the fact, that management is a quite extensive term, it can be extended by the following points (Wehrich, 2003):

- Managers perform certain functions such as planning, organizing, leadership, motivation and controlling,
- Management refers to all types of organizations,
- Also applies to managers at all levels in the organization,
- Objective of all managers is to achieve the benefits (or profits or success)
- Management is connected with productivity, which translates into efficiency and productivity,

Next to the wide-scale and comprehensive definitions, can also be found such, that defines the full essence of management, in a few words only, for example: *Management is: getting things done* – the main pillar of this definition is the belief in the purposefulness of the actions taken. This definition can be extended to form: *Management is: getting things done through people* – However, it does not mean that a person (manager) gives orders to others (employees), in order they would have done their job. Adding

through people, rather means that people are the most important factors or resources necessary to achieve the objective. Another definition states that *Management is: the efficient use of resources*, raises issue of national and effective use of resources, necessary to produce some goods. The following definition presents another step of extension: *Management is: getting people to work harmoniously together and to make efficient use of resources to achieve objectives*. Emphasis the need to ensure, that people will work together, it stresses the importance of interpersonal relationships between employees and managers (McMahon et al, 2002). What is distinctive in management sciences, is the fact, that often the definition of what the management definitions are created by managers itself. For instance, Pat Carrigan, a manager at General Motors, described management in the following manner: *My Job is to create an environment, where people, who do make them, can make them right, cant hem make for the first time, can make them at competitive cost, and can do so with some sense of responsibility and pride in what they are doing*". At present, this the one of the most popular management definitions.

Most often management is as a very complex idea, but most aspects of management can be presented in the form of the tasks, facing the organization, and all of them capture the essence of it (Witzel, 2005):

- Every organization should have a clearly defined purpose, and formulated strategy, aiming to achieve it,
- Any activity should be organized in such a way, that both the resources and the people are striving to achieve the target,
- Every organization is created for people, whose work should be carried out and coordinated. These people have needs and aspirations, which should find an outlet in the frame of the organization (Grondys, 2010),
- Each organization should have customers, to be able to sell their products or service and make profits,
- Every organization should have a product for sale,
- Each organization should manage its money, incomes and expenditures and invest them accordingly,
- Every business is dependent on knowledge, without it, people cannot be managed, it is not possible to find customers, and also, products cannot be produced,

All these tasks comprise the main target set up by management - to carry out tasks needed to enable the business to reach its goals. And

also, set realistic goals which the organization can meet, and which will benefit the owners and stakeholders of the company, and to ensure that those goals are met as planned.

2. The basic theories of management

However, in regards to management theories, first of them appeared in the early nineteenth century, when the management's phenomenon has come to be the subject of scholars research and investigation. Over the years, various paths have been developed, along which the development of science in the field of management followed. From the management six major theories has developed. And even though they were created in different periods of time, they are still in force, and affect to some extent, the development of the modern approach to management (Plunkett et al, 2012):

- Classical School – this is the oldest theory, which was established at the end of the eighteenth century, when England's Industrial Revolution took place, with the invention of the steam engine, which resulted in the ability for a mass scale production. Earlier, factories depended on the continuous flow of human labor and materials. Factories owners had to plan, organize, lead and control both their employees and production processes. This strong industrialization caused, that there was a need to acquire new managerial ability. Was observed, that *“in many cases, better organization contributed almost as much to increased production as the use of the machines themselves”* (Plunket et al, 2012). This theory focused on the best way to perform tasks and management. It is traditionally believed, that the ability to manage are not innate human qualities, but a good and effective management can be learned.

- Behavioral School – this theory has gone a step further, in theory, the workers began to be seen as individuals, not a collective, with certain needs. The task of managers were identified individual skills, that need to be awake or expand. Employees were no longer be treated as robots, that carry out their duties without any thoughts. It has been observed that the so-called fact. social environment affects the organization of the production efficiency. Properly treated employees, where they need were noted, spent more energy on their duties and were more involved. It can be assumed that this theory has added another block to management theory - motivation.

- Quantitative School – in this theory, put the emphasis on mathematical approach to management problems. In this theory, tools that allow planning and control almost everything in the organization, began to be used. This

approach was established during the Second World War, during which, radars, guidance systems, aircraft engines, information theory and atomic bombs, began used in large scale. Since then, this kind of tools have been used in all aspects of management, for example. Decision Support Systems and Expert Systems.

- Systems School – in this theory, the organization is seen as a system, including smaller subsystems, that perform their tasks in order to survive and further development. Subsystems of the organization can be - marketing department, financial or human resources department. Changes in one of these subsystems, may have impact on the system as a whole.

- Contingency School – this theory says that there is no best way for the organization, leadership and decision-making. In contrast, the best solution is to get independence from external and internal environment. Independent leader, effectively implementing its management style in a situation, that requires it.

- Quality School – the essence of this theory is the organization's ability to meet the needs of its customers, both single one and the entire group. The quality is usually defined as the ability to produce or provide services designed to meet the requirements of customers. As we know, the users are present both, outside and inside the organizations, they are ready to receive the products or services, produced by other people, as well as users of goods or services, machinery or equipment. With this theory, concepts such as Total Quality Management and Lean Management are strongly connected (Skowron-Grabowska, 2013).

As mentioned above, all of the described theories are still in use, depending on the manager type, the type of activity or the nature of the organization. These theories can complement each other, they are helpful in meeting the challenges, that currently characterize a wide area of managing

3. Managers as the first front of management

With the area of management managers, persons performing in practice management guidelines and functions, are inextricably bound. It would seem that managers are the result of management, but it is not, because the people performing these kind of tasks, have been working much earlier, than the phenomenon of management has been identified and described. The first managers were people, who led a group of people and organized its activities, many years earlier than the general phenomenon of management

was taken into account (Pabian, Pabian, 2014). On the one hand, it seems clear that managers perform management tasks, but very often, managers themselves, have a problem with a precise definition of the tasks which they perform their daily duties. Henri Fayol, a French engineer, regarded as one of the founders of the management, divided managers duties into five categories: foreseeing and planning, organizing, directing subordinates, co-ordinating various activities across the business, and guiding these activities, so that the entire organization has worked on for the same purpose. Another author, Peter Drucker, considered to be an expert in management field, also divided managers duties into five categories: goal setting, organization, motivation and communication, measurement of work done and developing people. Despite some similarities between these two lists, we can will find also some differences - Fayol was more focused on the objectives, and Drucker also takes the human aspect into account. However, it can be assumed, that both lists illustrate the fullest the nature of tasks and responsibilities faced by managers. However, in the literature relating to the management, the most common is the following list of functions performed by them (Ziółkowska et al, 2013):

Fig. 1. Manager's main functions



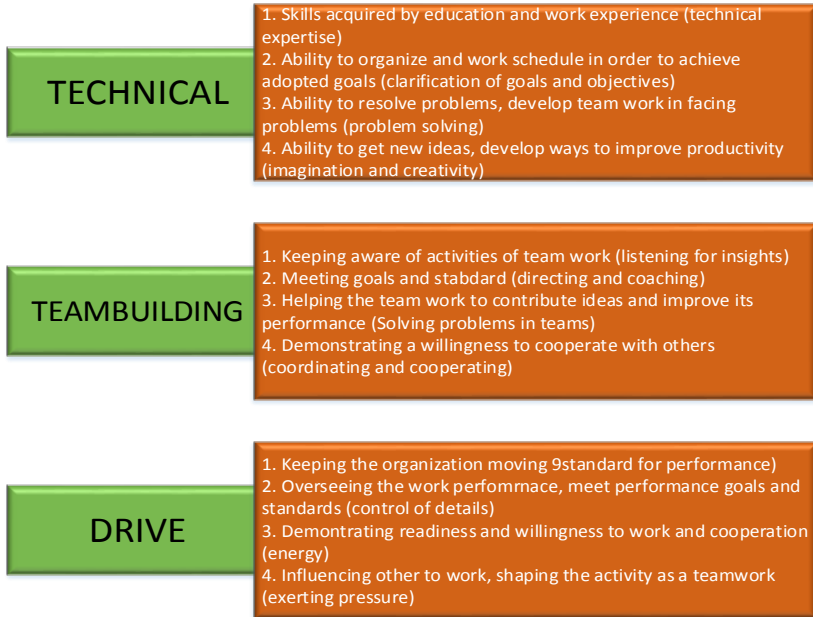
Source: Author's work based on Kreitner R., Cassidy Ch., *Management*, Cengage, NY 2008, p. 16.

- Planning - regarded as the main function performed by managers, planning includes the identification of future actions and goals,
- Decision making - managers pick a direction, among several alternatives. Nowadays, making intelligent and ethical decisions is one of the major challenges faced by managers,

- Organizing - here are included such actions as, for example. planning commandos chain, division of labor, and assign responsibilities to specific people or departments, good organization also affects the better management of human resources,
- Staffing - organization is only as good as the people working in it, the function is to recruit for, training and development of employees,
- Communicating - nowadays managers are responsible for effective communication, exchanging information with employees, such as specifications, instructions, procedures and all the data required for successful execution of work. Manager should not only efficiently transfer information but to respond appropriately to those, obtained from employees,
- Motivating - is one of the most important aspects of a manager's work, employee motivation translates not only to the job satisfaction and greater involvement, but also brings tangible benefits to the organization,
- Leading - managers should be leaders, should inspire employees, nowadays, in addition, it is fashionable to be a "visionary" manager,
- Controlling - taking appropriate action in case when achieved the results do not correspond to the expected.

Apart from the functions that managers of the organization should meet, there are also features, that every manager should have (Lis, Bajdor, Tomski, 2014).

Fig. 2. Wilson's Managerial Skills



Source: Author's work based on Kreitner R., Cassidy Ch., *Management*, Cengage, NY 2008, p. 17

As can be seen from the above figure, the skills which every manager should have, are grouped into three categories:

- Technical skills - the ability to use acquired knowledge of practical studies, trainings or workshops, experience, enabling for efficient work organization and tasks assignment,
- Teambuilding (human) - careful listening and effective communication in order to organize the people in an efficient group,
- Driver (conceptual) - setting goals, standards, assessment of the ability to achieve measurable goals, including an estimate of the costs, expenditures, quality or customer service.

4. Contemporary challenges in management today

The above described features and functions assigned to managers, are permanent elements in management sciences. This does not mean, however,

that, they do not change, extend, or are not substituted by other elements. These are the features and functions, treated as a base, a job which performs manager and attributes, which should have in a minimum. However, continuous development, not only technological but also social, dynamically changing economic conditions and increasing globalization, pose new challenges for managers, both in terms of functionality and personality. For example, emerging technologies, changing methods of communication and reaching customers, caused that, in additions to a group of characteristics, that should have the modern manager, new requirements came, eg. the ease of knowing how modern technologies work (Jędrzejczyk, 2013). And managers environment also has been changed (Table. 1).

Table 1: Changes in Managing the Workplaces

Forces	Managers in New workplace	Managers in New workplace
Technology	Digital	Mechanical
Focus	Global	Local, domestic markets
Workforce	Diverse	Homogenous
Pace	Change, speed	Stability, efficiency
Events	Turbulent	Calm, predictable
Characteristics		
Resources	Information knowledge	Physical assets
Work	Flexible, virtual	Structured, localized
Workforce	Empowered employees	Loyal employees
Management Competencies		
Leadershp	Dispersed, empowering	Autocrate
Doing Work	By teams	By individuals
Relationships	Collaboration	Conflict, competition
Design	Eperimentation, learning	Top-down control

Source: Author's own work based on Daft R., *Management*, Cengage, NY 2012, pp. 5-25.

The old place of work was characterized by routine, clearly defined tasks, standards, controls and procedures. A manager is cautiously shared their

knowledge and information, the organization most often was coordinated and controlled through vertical hierarchy, and decisions were taken by senior managers. The new unit is characterized by fluidity and flexibility. The structures are simplified and even lower-level employees can make some decisions. Knowledge is widely shared, and contacts are established and maintained with many people through new technologies.

Today, with the progressive development and globalization, there is a range of new challenges in the area of management and tasks facing managers. The speed of these changes will also outdated solutions that implemented for example, a year ago and which were effective at that time, cannot fulfill its role today. Also, the approach for the organization or tasks, may also lose its topicality. Currently, organizations and managers are faced with challenges in the area of management, taking the following form (The challenges...,2015):

- keeping up with the market – earlier, the situation on the market could be checked once only, in today's rapidly changing conditions of the market, this kind of study should be carried out at regular (even short) intervals. Interval may depend on the type of products and services offered by the organization, but it has become necessary to have knowledge of the current situation on the markets and adapt to it. Markets, previously stable and predictable, are become dynamic markets now, with a rapidly changing situation. The manager should have a complete knowledge and vision, on both the situation as well as the attitudes and expectations of potential customers,
- planning ahead – before, plans were concluded for longer periods of time, eg. in periods of 3 or 5 years, now planning should taken for short period of time. Along with the changing market environment, the organization plans should be subject to the appropriate changes and modifications, so the organization could adapt to market demands in a flexible way,
- Financial management and cash flow – each element of the company's capital, should be carefully controlled in order to maximize cash flow. Future planning funding will also enable to determine the need for further measures, and to determine how they obtain in a timely manner,
- problem solving – the present time it is also characterized by the organization operates in permanent crisis - nothing is stable or certain. Managers should be prepared to emerging issues and develop a

suitable method of operation, depending on the scale of these problems,

- the right systems – the introduction of an information exchange system (here it's not only about the computer system) significantly improve the flow and receiving information. Today technology allows for large amounts of information transmission in a very short period of time, or networking, with people even from the other side of the world. We should, however, take care to avoid the so-called flood of information, from which shelling the most important ones, could result in a significant loss of time and money,

- skills and attitudes – one of the biggest managers challenges is to "listen and take advice" - as they believe, that they have full knowledge and do not need advisers. However, today's conditions and dynamics, cause that managers should change their setting, and in addition to the continuous training readiness, also be able to ask and receive advice from others,

- welcoming change – adjustment should be changed to the following changes, take it as something natural, as a phenomenon, that can be an opportunity to expand its activities and opportunities for greater revenue. Changes should not be regarded as a threat but as an opportunity to be quickly used.

In addition to these challenges faced by managers, the development of modern markets carries a number of problems, which are also the domain management challenges or threats (Top Ten, 2015):

- Uncertainty - the uncertainty is perceived as a discomfort, that causes the loss of stability and security. Today uncertainty refers to the global economy, credit markets, new regulations and how new technologies will affect the activities of the organization. Uncertainty means that organizations must plan in the short term, which results in that, they need to adopt a strategy that allows to harmonize short-term objectives with long-term foundation of the organization,

- Globalization - now it is one of the major challenges faced by the management area. It requires from an organizations to enter onto new foreign markets, and understanding of the prevailing culture and understanding its customers' needs. This challenge can be met through better and more accurate acquisition of information, enabling a better understanding of new markets and their mechanisms,

- Innovation - dynamically changing economy and markets are forcing organizations to be innovative, which is reflected in their future actions. However, in the case of innovation culture, most organizations still do not take any action for fear of failure. This problem can be solved by become more innovative, while still maintaining a sense of control over the organization,
- Government Policy and Regulation - in an era of changing rules and regulations (particularly the Polish domain in this respect) makes the most of the decisions take place in conditions of uncertainty. However, more and more organizations are adapting to this mode, and some even see some benefits of the changing regulations,
- Technology - to deal with ever-changing technology and emerging new technologies, organizations frequently develop long-term technology strategy, that enables them for flexible actions, that they are the benefits of technological development,
- Diversity - a requirement of almost any organization, to remain stable and too rigid, over a longer period of time, can cause more bad than good. Modern organizations first determine what defines their diversity - a product, customers or employees, and foster the expansion of differing ideas and viewpoints,
- Complexity - both living and doing business is now more complicated than before. Globalization will connect to markets and economies, leading to a more diverse group of customers or suppliers. In order to cope with this complexity, organizations are trying to develop the capacity to systems thinking - taking into account the diversity and complexity of both markets and activities undertaken by the organization,
- Information Overload - information is subject to constant change and development, it can be assumed, that nothing is changing so rapidly as information - both in terms of quantity as well as form. Here, the challenge for the organization is to cope with the huge amount and different forms, in such a way as not to waste time on unimportant ones, and pick out the ones that enrich the knowledge of organization about technology, markets and audience,
- Strategic Thinking and Problem Solving - the problem here is to adapt the organization to think, that the strategic approach and problems solving is one of the conditions to deal in the market. Among all these challenges and problems, it becomes important, that

managers could classify them accordingly, to determine the level of significance and then proceeded to solve them.

5. Conclusions

To sum up, today's managers faced with challenges in the area of management, first of all should: establish a better communication, work on improving the communication system, strive to create groups of employees, which will be open to new problems and involvement in tackling new challenges. Managers should stop taking any insulation, that cause limitations in action, they should create a work environment, in which employees feel a certain "freedom" - both in decision-making as well as taking risk. While globalization means that managers need a sense of confidence, when they leave their old, familiar environment and venture into a new business to start there, for example in a multicultural work environment. And digitization requires more creative managers, both in its ability to use new technologies such as reaching new customers and offer new products. And at the end, the challenge facing management is to know so called Generation Y, which is primarily focused on their needs and expectations, and skeptical viewing for any organization. However, this generation is now the future - both as customers and employees, which means that this generation is one of the biggest challenges, facing contemporary management.

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