

New economy and manager behaviour changes

Nová ekonomika a změny v chování manažerů.

J. HRON

Czech University of Agriculture, Prague, Czech Republic

Abstract: The article reflects recent developments in factors affecting business behaviour both externally and internally. Derived from these changes, business managers' competences are assessed in accordance with changing requirements on managers' behaviour. Competences are then described in terms of specific and technical competences.

Key words: competence, manager, internal and external environment, new economy

Abstrakt: Příspěvek je založen na analýze vývoje faktorů ovlivňujících chování podniků, a to jak z vnějšího, tak z vnitřního prostředí. Na základě těchto změn jsou zhodnoceny kompetence podnikových manažerů s ohledem na požadavky na chování manažerů. Kompetence jsou dále popsány v členění na specifické a technické kompetence.

Klíčová slova: kompetence, manažer, vnitřní a vnější prostředí, nova ekonomika

INTRODUCTION

The current management has been affected in two directions, which are mutually intertwined and conditional of each other, i.e. *new economy and globalization*.

The new economy has become an accepted notion having overcome objections and non-transparency of the fact itself. It is linked with such notions as leadership, strategic management, thinning, abolition of the organization go-betweens, aggressive marketing, total quality, but mainly it is a matter of change of social attitudes, personal culture, value orientation, change in the discovery, development and application of human resources. It is the economy of knowledge or know-how. It is the third type of economy.

After the economies based on

- natural production and change,
- capital and the market, it is the economy where
- the key factors are knowledge, education and intellectual work.

The new economy on the enterprise level is characterized by three groups of changes:

1. Transformation of organization activities into creative activities. Managers are characteristic of excessive creative energy.
2. Competitiveness is subject to innovation particularly in new structures, process arrangements, lifting outdated methods, techniques, habits, and the transition to new productive methods and processes including e-commerce, e-business, etc.

3. Knowledge as a basic standard of new economy is complemented by attitudinal, intellectual and cultural potential. It is a combination of personal qualities, such as the sense of new approach behaviour, sense of teamwork, sharing knowledge and information, solidarity and cooperation, honesty, open-mindedness, word-weight, etc.

Requirements of a 21st century manager are based on the processes of globalization and internationalization. Changes of the environment are calling for changes in the behaviour of managers and their competences. The managerial behaviour dimensions are also affected by the managers' education and their threshold and performance competences. The development trends of such competences include the complementation of professional and methodological competences by those of social, cultural, action and creative character. The suitable environment is then characterised as a learning organization.

The society between the two millennia is saturated with information particularly in the economic – entrepreneurial environment. The information has become a commodity and without its proper processing, it is impossible to achieve success, efficiency, competitiveness, both at the individual and enterprise and national levels.

Each product or service comes to the consumer along a trajectory of changes. They increase their value, which becomes a measure of success, efficiency and competitive advantage. The higher the information input in the product or service, the higher the information value.

In the EU conditions, every manager has understood that the production of values through a controlled pro-

The contribution presented at the international conference Agrarian Perspectives XII (CUA Prague, September 18–19, 2003). The entry was elaborated as a framework of project NAZV QF 3261.

cess of changes along the value chains has been a basis of entrepreneurship, and the volume of realised values, measurable using the economic value added (EVA), has been a measure of success.

OBJECTIVES AND METHODS

The objective of this presentation is a formulation of changes of the external and internal environment of enterprising subjects within the European scale, and the characteristics of managers of such enterprising subjects. The character of the changes and the description of the requirements of the managers are the result of the analysis of the managers' work in the Czech Republic but even in the EU as a part of the research programmes, doctoral and dissertation works and the activities of the consultancy centre at the Faculty of Economics and Management of the Czech University of Agriculture in Prague.

RESULTS AND DISCUSSION

Enterprising subjects environmental change characteristics

The Czech Republic's entry to the EU, the process of globalization, marks the difference in thinking and behaviour of workers and managers coming from different cultural environment. The fundamental pre-condition of success is the tolerance of different cultures based, at the beginning, upon the managers' forbearance and tolerance leading towards the understanding and acceptance of the different cultures.

The change of a local manager into a global one requires:

- the knowledge of the international environment of the enterprising subjects,
- the success of the enterprising subject and the knowledge of trends in the given industry,
- meeting the “global” (global culture) characteristics of a manager who
 - has leadership and visionary qualities,
 - is an example for others,
 - can implement changes,
 - can communicate correctly,
 - is able to motivate others,
 - is emphatic and ethical.
- the change of the model 80 : 20 (knowledge and experience) : (communication and coordination) to the model 20 : 80 (experience) : (culture, habits, competence).

Phasing a modern manager's behaviour under the EU conditions

The value orientation and norms of behaviour can be the starting point for the following managerial behaviour dimensions:

1. Universalism and particularism
 - a) Universalism is characteristic particularly for European changes and the USA, and it is characteristic of consistent application of rules, laws and regulations regardless of the participants and the changing conditions.
 - b) Particularism, typical of Russia, Japan, China and others, emphasizes unique character and exceptions.
2. Individualism and collectivism
 - a) Individualism, typical of the USA, Canada and the West European countries, emphasizes individual personal identity and puts it above the shared group identity. It points out freedom of the individual, equality and independence. Workers are recruited and promoted according to their qualification and personal merit; their motivation prefers individual merit combined with delegated decision-making authority.
 - b) Collectivism, applied mainly in the Asian and Latin American countries, emphasizes harmony and subordinates individual interests to those of the whole. Personal identity is bound together with group identity; recruitment is based on group membership and their age.
3. Emotional and neutral attitude to people
 - a) Emotional attitude, typical of the cultures of the Middle East, Latin American and South- and East-European countries, is characteristic of lively gesticulation, mutual touching, raising the voice, preferring a relationship required for business relations. Emotions are not shown.
 - b) Neutral attitude to people, typical of the Nordic nations, Americans, follows the given objective and fulfilling the task. It does not emphasize permanent relationships with positive emotions.
4. Specific and diffusion orientation
 - a) Specific orientation (USA, Australia, Canada, Northern Europe) follows the task, objective, function, authority, appreciation. The authority is linked with a function job, and it does not prefer attributes except at the workplace. Speedy fulfilment of tasks is a priority without any long-term relationships.
 - b) Diffusion orientation (Asia, Latin America, Southern Europe) respects formal qualification, prefers human relations to economic relations.
5. Status admittance

The status is much more respected in the Czech Republic, Austria and Germany than in the USA, Canada and Australia.
6. Time management
 - a) The linear and sequential relationship, typical for Western and Central Europe, North America, Australia, respects the value of time, wasting time is not acceptable, accuracy is important.
 - b) Synchronous concept, applied in Latin America, the Arab world, in Southern Europe, allows for doing sev-

eral things at the same time both as a matter of fact or time, the accurate timetable is not respected, time is less valued than relationships.

The 21st century, the processes of globalization and the knowledge society, formulate the requirements of new managers, workers who are generally well educated and having key competences. Special and technical requirements are quickly outdated by coherent thinking, willingness and ability to learn, independence, communicative and emotional intelligence, and particularly by personal flexibility, that is creativity supported by strong self-motivation.

A number of factors affect the change of the requirements of modern managers, and among these are particularly:

- internationalization and globalization of management processes,
- growing worldwide competition,
- technological changes,
- diminishing resources,
- changing hierarchy of values,
- increasing requirements of the living environment (ecology),
- increasing requirements of product and food quality.

Equally important, besides the professional technical and methodological qualification, analytical and systems thinking, and mastering specific competences (e.g. work with new media), are the following:

- social and personal competence, i.e. communication skills, listening, empathy, teamwork, flexibility, mobility, strong will, creativity,

- cultural competence, besides general education and knowledge of social, economic and political context including also knowledge of other cultures and ability of adapting to international conditions,
- action competence, including ability to accept challenge and responsibility, and ability to realize the given tasks in practice.

The structure and history of the mentioned requirements can be expressed in Figure 1.

The given context indicates the importance not only of the specific education but also of the life-long education. In this connection, the UNESCO has formulated 4 dimensions of education in 21st century:

1. To learn to acquire knowledge, i.e. the ability of thinking and concentration related to practical experience.
2. To learn to act, realize the knowledge in innovations and support teamwork.
3. To learn to co-exist both in the national and within the international context.
4. To learn for life, creating the spiritual framework of understanding the world.

Besides the manager behaviour dimensions and those of education, it is possible to distinguish, as developing the work of R.E. Boyastiz, even the threshold and performance competences.

- a) Threshold competences representing fundamental qualities of a manager with no causal nexus to management efficiency:

1. Application of function position to subordinates
2. Adequate self-assessment (awareness of own strengths and weaknesses)

Structure of competence requirements			CQ
			AQ
		EQ	EQ
		IQ	IQ
Time periods	H-1, 20 th century	H-2, 20 th century	21 st century

Figure 1. Structure of required competences

IQ = business-like, technical and methodological, analytical and systems specific abilities,

EQ = social and personal competences, cultural competence

AQ = action competence

CQ = creative intelligence = IQ + EQ + AQ

3. Positive mood (optimism, adding self-confidence to others)
 4. Ability of communication, decision-making
 5. Logical thinking
 6. Specific knowledge and skills
 7. Teamwork-style management.
- b) Performance competences are inevitable in the fulfilment of higher management performance, and among these are:
- 1) Orientation at job (function) ranking
 - 2) Identification of decision-making problems
 - 3) Orientation at productivity
 - 4) Pro-activity, i.e. orientation at achieving goals and practical orientation
 - 5) Conceptualization, i.e. formulating characteristic decision-making situation features
 - 6) Self-confidence
 - 7) Ability of successful verbal communication
 - 8) Creating efficient power alliances
 - 9) Group process management
 - 10) Objective perception of objective reality
 - 11) Self-control
 - 11) Sufficient energy and adaptability.

CONCLUSION

Requirements of a 21st century manager have been changing substantially. They are affected mainly by the

processes of globalization and internationalization. That is why they must include the knowledge of the changing environment, and they develop even within the manager's phase-space behaviour, and they are expressed in the manager's competences. Their fulfilment is a measure of a manager's success.

However, it still holds that *successful management means knowledge, will, ability and pace-keeping*.

REFERENCES

- Heene A., Sanchez R. (1997): Competence-Based Strategic Management. John Wiley & Sons, New York, USA.
- Hron J. et al. (1996): Principles and Mechanisms of Virtual Organizations. PEF, ČZU, Praha.
- Hron J. (2001): Changes in the methodology of business model design. Zemědělská ekonomika, 47 (10): 425-428.
- Checkland P. (1981): Systems Thinking, Systems Practice. John Wiley & Sons, New York, USA.
- Martin J. (1996): Cybercorp. American Management Association, New York.
- Thomas H., O'Neal D., Kelly J. (1995): Strategic Renaissance and Business Transformation. John Wiley & Sons, New York, USA.
- Woude-Lewis Van der J. (1994): EC Competition (Law Handbook). Sweet & Maxwell, London, UK.

Arrived on 5th December 2003

Contact address:

Prof. Ing. Jan Hron, DrSc, dr.h.c., Česká zemědělská univerzita, Kamýcká 129, 165 21 Praha 6-Suchbát, Česká republika
tel: +420 224 384 422, e-mail: hron@pef.czu.cz
