Environmental Trends and New Paradigm of Management

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Abstract

Purpose – The aim of this paper is to describe influence of modern trends in organizational environments on new forms of organization and perception of concepts explaining functioning of them (paradigm).

Approach – This paper presents a review of the works from both theoretical and empirical points of view. The paper presents modern trends in business management, and identifies their fundamental consequences – contemporary organizational forms. As a result, the author has analysed the causes of increasing innovativeness of companies, which changes the existing paradigms of management. In addition, much attention is devoted to the start-ups, which have recently become important players on the domestic, international and global market.

Findings – Constantly developing globalization, the use of modern management methods and techniques, as well as changing cultural values and distinctive competencies are only some of the trends that influence the development of new organizational forms of businesses. They contribute positively to both higher operational flexibility and a distinctive development of the organization in a highly competitive environment. They bring a lot of positive effects for companies, their employees, and the national economy. In particular, they increase business innovativeness and enable international cooperation. Unfortunately, they also entail risks, which need to be addressed and quickly responded to.

Research limitations/implications – The main limitation is the paper’s theoretical nature.

Originality/Value – The considerations made in this document will help to diagnose the cause of the growing innovativeness and modernity of companies in terms of selecting the appropriate organizational form.

Paper type – Literature review.

Keywords – new paradigm, organizational forms, modern businesses, start-up.

1. Modern trends in business management

Numerous changes in norms, beliefs and values in business management have led to systematising the reality, not only by theorists but also practitioners, with specific paradigms. The term paradigm in Polish literature is described as a set of theories and concepts that are widely accepted by experts involved in the subject area (Sułkowski, 2013). On the other hand, Kuhn initially distinguished two meanings of the term: global (general, holistic) covering all internalized beliefs of the research community (group), and specific (partial) concerning the outstanding scientific discovery, thus, a special element (subset) of common believes (Kuhn, 1962). However, in later studies he...
assumed that the paradigm is a kind of disciplinary matrix, i.e. an ordered set of beliefs shared by researchers (specialists) of a given research discipline (Kuhn, 1977).

Changes taking place in external and internal environment of an organization, involve a shift of management paradigm. They also affect the formation of new organizational forms of businesses, violating the existing trends and patterns in management.

Drucker noted that modern management is not only business management, but most of all, it is part of specific and distinctive features, characterising each organization. Different companies use different terminology and different ways of applying the promoted management methods in practice. We can see small differences in understanding the principles which management is based on. The researcher also noticed that the organizational structure of companies should be tailored to a variety of tasks that are performed in a specific time and imposed conditions. Therefore, entrepreneurs must learn to seek, develop and test various types of organizations, then choose those that generate the best effects and achieve the intended aims. On the other hand, hierarchy and its voluntary acceptance by all participants in the organization mitigates the effects of an emerging crisis (Drucker, 1999). Maslow came to the conclusion that different people in the organization should be managed differently, according to their values and attitudes (Maslow, 1995). Therefore, today, the main task of the organization is not only managing people, but leading them, and thus using their specific skills and knowledge to achieve full productivity (Drucker, 1999). Focus on man has also become a very important trend. Not only taking care of the needs of an employee by means of democratic style of management, but also focusing on a potential client – their needs and values that undoubtedly influence their decisions related to the distribution of their income (Wierzbicki, 1999).

Consequently, Drucker formulated new assumptions which should be undoubtedly linked to the management of a modern company: “Challenges that management faces and the resulting responsibilities are the only factors that affect the activity of a given institution and its performance, regardless whether the activity occurred inside or outside the organization or if the organization had influence thereon or not” (Drucker, 1999).

Polish researchers also noticed the appearance of distinct trends, different from the previous ones, in the development of modern businesses that are often increasingly promoted and attract special attention of competitors. They recognized such elements as:

- flattening of organizational structures and decentralization (Hopej and Kamiński, 2010);
- higher importance of knowledge resources than physical resources (Grudzewski and Hejduk, 2002);
- creating more flexible, looser and multidimensional systems between individuals within the organization – omnidirectional network (Barczak et al., 2009);
- change of inter-organisational relations, interchangeability of managerial functions, flattening of hierarchies, increasing importance and scope of teamwork, the need for process management (Barczak et al., 2009).

Additionally, Nonaka and Takeuchi emphasized that new paradigm organizations should have a flat, self-assembled and non-hierarchical organizational structure, functioning in accordance with the hierarchical structure. It is worth noting a higher dynamics of business development, and, thus, a focus on building close relationships with potential buyers of products and services. Distinctive competencies, which combine
modern technology and outstanding skills gain importance. In contrast, intellect and knowledge should be considered as the most causal and beneficial tools of modern corporations (Nonaka and Takeuchi, 2000).

Changes in management paradigms will also largely affect the requirements for competence and skills of individual members of the organization. However, it is mostly the largest transformations that will be visible in the organizational culture of companies. Increasing globalization, changeable culture of nations and regions, as well as different attitudes to management of modern businesses may cause such effects as (Brislin, 1993):

- ethnocentric approach, which extends thinking;
- attaching greater importance to choices that are made by women and affect their lives;
- deeper analysis of the perception of culture which is the factor that affects the lives of individuals as well as the society and politics;
- growing potential of research results relating to culture and using them in practice;
- much greater flow of information and broad discussion about cultural interactions.

As a result, today’s organizations are making significant progress on fostering innovation, and above all, locating human knowledge, which becomes a key element in developing their activity in building knowledge banks, useful in the process of knowledge sharing (accelerated learning) (Grudzewski and Hejduk, 2006). In addition, 21st-century organizations are characterized by independence, uncertainty, risk and responsibility. We are leaving the discipline of traditional corporations and artificial severity, instead, companies take up challenges, disappointments and disorder, which best describe the modern world we live in (Hesselbein et al., 1998).

Modern approach to business management, globalization, changeable organizational culture and trends borrowed from developed countries, contribute to abandoning traditional forms of organization. As a result, the values that contribute not only to increased competitiveness, but also outstanding innovativeness of modern organizations are promoted. This eradicates borders between countries and makes companies focus on the knowledge of their employees and customers’ needs and enables them to function in the virtual world, using all its benefits.

2. New organisational forms of businesses

The influence of a number of cultural and social changes at the national and international scale generated new forms of organization, such as e-organizations, project-based organizations, network, learning, virtual, fractal, holographic, organic and start-up organisations. A separate section in this paper was dedicated to the last of them. Considering the fundamental concept for this discussion – an organization – according to Argyris, “is a plurality of parts, each of which aims to achieve a specific purpose, which support byrelation to one another while adapting to the external environment and by maintaining a state of interconnection of the parts” (Argyris, 1965). Organization is also an open artificial system, built by a man, and for a man (Engel et al., 1993).

When it comes to e-organizations, they should be identified with the model (the idea) of doing business which is based on a variety of IT solutions (fax, telephone,
television or the Internet). Dynamic development of the Internet irrevocably changed many areas of life, and has become a modern medium which made the world become much smaller and more accessible. The concept of e-organization should be closely combined with e-commerce = e-business. Currently, they should be associated with trading on the Internet, which accumulates all the elements of commercial transactions (i.e. advertising, sales and payment) in one place, as well as transactions that are made online, while payment and delivery can be done in a non-electronic way (Jasiński, 2016). Therefore, the basis of electronic business is the replacement of paper documents with electronic ones, as well as the organization of an efficient sales in the electronic world. Unfortunately, the aim is also to replace direct contacts (face to face) with interpersonal interactions with the use of electronic media (Lausen and Vossen, 2004).

Project organization is a set of people and institutions that work on a project, as well as the bonds that connect them. The most important element of such organizations is to identify the participants and the roles they play in the project. Those participants may include: members of the institution that is implementing the project, members of a project team, external stakeholders (sponsors, etc.). Considering mainly the members of the institution, which deals with the implementation of the project, there are three basic roles that they perform: representing the interests of the organization (organizational supervision of the entire project), they are managers or employees seconded to the project, they support the implementation of the project (being employed in various positions within the institution). On the other hand, external participants can be active in the execution of the project or in instances managing a specific project. Undoubtedly, the main problem that project organisations face is the proper integration of two organizational structures: a permanent company structure, and temporal structure of the project. Therefore, this type of organizations should maintain a proper proportions of both of them, in order to achieve their effective and efficient cooperation (Trocki, 2009).

Describing a network organization, Castells, related emerging organizational forms that go far beyond formal and legal boundaries of a company with rapidly progressing IT revolution. He emphasised that “the forms of an economic organization do not appear in a social vacuum”. Thus, it is possible to confront two realities: the traditional (institutional and cultural conditions of human economic activity) and modern – a revolution of information technology (Castells, 2000). Therefore, network organizations are kinds of connections, constellations or bunches which include a composition of all kinds of relationships and dependencies between institutions and companies. Networks can be formed by several or many organizations that differ in terms of growth model, size, degree of internal competition, organization or management structure. A large part of these companies is built step by step. In addition, companies in the network are linked with a contract, but not all of them must be connected to each and every one – there is a possibility of indirect connections via a third ally (Gomes-Casserres, 1994; Orłowski and Kowalczuk, 2012).

Senge defines a learning organization as the organization “which is expanding its capabilities for creating its own future”, adding that “learning adaptation techniques must be linked to learning to find new solutions, learning that expands our creative possibilities” (Senge, 1998). A more thorough discussion of the term learning organization
is presented by Finger and Brand. For these authors, it is a perfect organisation in relation to the organizations that develop in order to achieve the ability to respond to emerging problems. The researchers also emphasize the importance of collective and individual learning, which is a process and an activity that makes the company reach the ideal and the title of a learning organization (Finger and Brand, 1998). Learning organization is related to many fundamental assumptions which include (Lassey 1998; Lundy and Cowling, 2000):

- learning is a core value of the company;
- learning process involves all employees (staff development, knowledge sharing, collaborative learning);
- appropriate motivation of employees is extremely important to contribute to the development of the organization, participation in the whole learning process, innovation development, assuming that different people learn in different ways;
- learning process should be aware, continuous and intentional.

The term virtual organization was first used by Davidow and Malone, who claimed that it is a result combining various management concepts, ranging from just-in-time, through lean management and the concept of trust in management (Davidow and Malone, 1992). In the literature, two approaches characterizing virtual organizations emerge: process approach and structural approach (Saabeel et al., 2002). Process approach is associated with a focus on actions and behaviours, identifying organization (in the functional sense) as a coordinating mechanism, an instrument, business area or approach to organization management (Brzozowski, 2010). According to this perspective, Cohen defines a virtual organization as a range of business activity (domain) within which a significant part of the tasks is performed remotely (by tele-employees) (Cohen, 1997). However, in structural terms, virtual organization is seen as a form of cooperation (alliance network, an artificial entity, a coalition) of independent entities (participants) which include businesses, organizations, individuals or teams (Brzozowski, 2010). In this approach, the organization can be defined as a goal-oriented system, whose elements control themselves and whose borders continuously adapt to current conditions (Chrobok, 1996). On the other hand, Wilson believes that it is a kind of a network, or a loose coalition of administrative and manufacturing services, which uses IT for the integration of various groups of people, for the needs of a specific business purpose, which is dissolved at the time of its achievement (Wilson, 1999; Najda-Janoszka, 2010).

Hopej believes that a fractal organization has a flat organizational structure, it is independent, undergoes constant changes and is effective in a turbulent environment. Its hierarchy is made up of top-level manager and “fractal” managers who supervise the leaders of the various working groups. On the top level of the organizational hierarchy there is a small group which supports the work of managers. Internal structure of a fractal organisation is a kind of reflection of the given company structure. As part of these fractals small staff and task groups operate and support the activities of managers with very large competences (Hopej, 2001). As a result, a distinctive feature of these structures is the fact that each of the elements presents a coherent structure of the entirety. Its employees have the opportunity to use and manifest their own initiatives. As a result, the work becomes self-realized, all the participants experience the power
of their abilities, as well as deepen their knowledge of themselves and their own professional environment. As a result, the operation of virtual organization is, on the one hand, a constant process of learning, and on the other hand, a cultural development (Warnecke, 1999).

Modern organizational forms include holographic and organic organizations. Holographic organizations operate in many sectors, offering a wide variety of products in new markets. This is possible thanks to a change in the organizational structure that will enable the creation of separate business units. They have a high degree of autonomy, but they bear all responsibility for their actions (Dudek, 2010). Considering the organic organizations is focused on the future (it is variable, open and dynamic). They are strictly customer-oriented and provide the highest level of service. There is decentralization and low level of formalism. Employees, on the other hand, have a pro-innovative, pragmatic attitude and a sense of teamwork (Kołodziejeczak and Zalewska-Turżyńska, 2013).

The presented organizational forms represent a modern approach to management, which will change the existing stereotypes of the image of an organization. More and more emphasis is placed on the development of technology, innovative approach to business, as well as international cooperation. As a result, increasing globalization whose consequence is disappearing the borders between countries is evident. Today’s entrepreneurs have virtually no obstacles in cooperating with foreign partners, what makes intercultural management, knowledge, know-how, skills and competences transfer possible. Undoubtedly, the human factor is still the fundamental element of any company, but in the era of current civilization development, the number of personnel is reduced, and distinctive competences as well as teamwork skills are important elements in a changing and dynamic environment.

3. Start-up – a new look at business

Most attention in this paper is devoted to start-ups, because they are becoming a modern trend in the functioning of contemporary businesses, and defining them causes many ambiguities and doubts. According to Blank and Dorf, they are temporary organizations engaged in searching for a viable, repeatable and scalable business model. They emphasise that the initial business model of a start-up is a kind of template filled with assumptions and ideas, and the company does not have any customers and also knows hardly anything about them (Blank and Dorf, 2013). Damodaran uses the concept of a “young company” to describe start-ups. As a result, they are ranked among a business idea, which is in the concept phase, and a company with a prospect of profit and shaped the dynamics of income (Damodaran, 2009). Another definition suggests that they are a human institution, which is designed for building new services and products in conditions of extreme uncertainty (Ries, 2011). Therefore, start-ups should include organizations that are in the initial phase of the life cycle. However, their main challenges include securing cash to let the business survive, develop and gain recognition in the eyes of customers (Fong, 2011).

According to Damodaran’s assumptions, the characteristic features of start-ups may include (Damodaran, 2009):
• lack of history (short business history, or lack thereof, and insufficient historical financial data);
• low income, or lack thereof, as well as losses from operational activities;
• dependence on foreign capital (initially funded by the founders, private investors or EU funds);
• significant risk of failure (young entrepreneurs are often unable to meet the challenge of introducing your product or service on the market).

In practice, a start-up is considered a beginner “business”, which, is exposed to a considerable risk of failure on the one hand, and can be a source of high returns on the invested capital on the other hand. Start-up owners focus on continuous modifications of the main functions of their product, in order to adapt the company to changing needs and requirements of potential customers. In addition, they most often run at maximum cost reduction, so using the method of “cottage industry”. This increases the chances of survival and development of the idea, while consuming a limited budget. In addition, start-ups are founded by people who know each other very well and can complement each other in their fields of competence. This allows them to survive and operate in different areas of the company (Łukiańczyk, 2016).

As mentioned above, start-ups are among high-risk projects, which are often associated with failure of the company’s development. Research teams of Zacharkis, Meyer and de Castro, enumerated the most severe causes of these failures: unfavourable external market conditions and lack of managerial skills (Zacharkis et al., 1999). On the other hand, research by Bednarska and Piasecki indicates that lack of skills – especially general and managerial skills – is the main cause of the failure of small businesses in England. While in Poland gaps in managerial competences and the lack of knowledge regarding the necessity of having those are predominant causes of failure (Safin, 2012). Bławat confirmed these relationships as well, but also distinguished an important asset of Polish owners, which is a relatively good education (Bławat, 2003).

According to Damodaran, young, innovative companies termed as start-ups, have a disproportionately larger impact on the economy and the environment than their size implies. Rapid changes, especially in modern telecommunication networks, enabled an unprecedented diffusion of innovations on a global scale. This contributed to a rapid development of innovative companies that cannot document a rich history, experience or being a part of the industrial tradition, but in turn have a much better chance to bring a radical change and innovation than mature organizations (Damodaran, 2009).

Start-ups are modern forms of organizations which are based on innovative solutions, engineering and technology. Unfortunately, this generates a great risk of failure, but if the products or services are accepted by potential customers, they may produce a satisfactory return on invested capital. Despite a progressive development of civilization, there are still gaps of competence that prevent a stable development of these organizations. Therefore, it is the role of managers to develop creative solutions, maintain in a highly competitive market and facilitate far-reaching knowledge sharing and increasing their competence. One should remember that a human factor is still the fundamental element of the existence of any organization and it allows the company to achieve market success and have a high competitive position.
4. Conclusions
Progressive civilizational changes have led to the emergence of new paradigms of management. This is particularly evident in the emergence of new forms of organizations, which considerably deviate from the traditional approach. Today’s reality has caused a diversion from stable, hierarchal organizations with distinct quantitative and structured divisions. Their place is dynamically taken over by new organizations with complex relationships and levels, more virtual and networked, entering into the areas that generate knowledge and undergo constant transformations (Kostera, 1996; Skalik, 2005).

Consolidating the factors that affect the formation of a new management paradigm, the following phenomena should be indicated (Skalik, 2005):

- globalization processes contribute to the fact that organizations continually seek to maintain operational and cost independence. More and more often they seek the support of larger companies, often teeter on the verge of a fairly stable imbalance, while exploiting market niches at local, regional, national and global level;
- organizational space takes more and more often a form of a global, multi-level organization consisting of a network of numerous virtual elements and a number of regional and product coordinators. This causes that its internal structure is fully adapted to the conditions in which the organisation functions;
- we observe a rapid growth of the importance of soft and weak interactions and signals, without which it is impossible to operate complex structures, as a result, widely understood communication, value systems, organizational culture, trust, knowledge, ethics and skills of collective learning gain importance, while sharing certain fragments, and keeping others for themselves.

Considerations of this paper indicate that you cannot really take one most adequate way of managing the organization. What once generated market success may now have no significance. Therefore, modern entrepreneurs turn to a modern dimension of managing their own activities, with particular attention to such values as continuous learning, dynamic response to changes and the need for constant transformation, as well as respond to the needs and requirements of customers. On the other hand, failure to comply with the existing trends can cause a stagnation of activity, consequently leading to business’s collapse.

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