



THE BIGGEST CHALLENGES OF THE 21ST CENTURY IN MANAGEMENT

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ABSTRACT

Purpose - This paper highlight on Biggest Challenges of the 21st century in Management and identify the challenges of the 21st century in management; highlight how these challenges are addressed by managers and how to deal with them.

Design/methodology/approach - This paper is a review study depend on a books and periodicals, take into consideration and highlight on the challenges of the 21st century in Management. The paper shows some examples of the challenges HR departments face in company in the Middle East and how they might be overcome. Furthermore, a practical case has been chosen for the challenges of the HR management in (JCHE) the Jordan Company for Hospitality Education focusing on human resource management issues and illustrates a significant challenge faced by managers and HR practitioners.

Findings - The 21st century has been beset by many challenges and its effects have spread comprehensively in various aspects of economic, social and cultural life, etc. Many of the challenges faced by 21st century managers are the same ones that managers have faced for decades. planning and other tasks are important things and these can strengthen the ability of managers to face the challenges in its different kind cause these challenges may prevent to perform the major tasks in business in a right way and therefore to be a strong competitor in the market place. The new management of (JCHE) determined the academic and the managerial issues. a new regulations and procedures and developing HRM system were set. This helped in stabilizing operations and reducing many contradictory issues.

Research limitations/implications - This is an exploratory study and is designed as a foundation for future empirical and experiential research.

Practical implications - Managers should be know how to deal and be ready always to face any challenges and problems and find new innovative ways or ideas to achieve the major organization goals in an ever increasing in technology. The main challenges for HR managers are the retaining and building of new employees, dealing with changes to demographics and globalization and developing a learning organisation and "transforming HR into a strategic partner". Therefore, companies should meet these challenges head on will improve their competitive advantage.

Originality/Value - Worldwide, including middle east faces very specific HR challenges and the human resources managers should be aware of these changes or of the possibilities of HR tech to meet these challenges.

Keywords: challenges of management, HR challenges, organization goals.

Research type: literature review, general review.

JEL classification: M40

1. Introduction

Most studies have been conducted by different researchers in literature to identify the biggest challenges of the 21st century in Management, such as (Peter F. Drucker 1999, 2001, 2006), (Trilling & Fadel, 2009), (M S Srinivasan, 2011) and so on. The 21st century has been beset by many challenges and its effects have spread comprehensively in various aspects of economic, social and cultural life, etc. These and other challenges imposed by the characteristics and features of this century, such as globalization, competition, and technological development. However, they are becoming much more complex because of the nature of the 21st century organizations and the dynamics of the new global economy (Drucker, 2001, 2006; Trilling & Fadel, 2009). Many of the challenges faced by 21st century managers are the same ones that managers have faced for decades. In a 1966 meeting of the Society of Petroleum Engineers, Sidney Shuman defined the three biggest challenges as “developing good working relations between business and government, making the best uses of advancing technology and ensuring constructive social change.” These are three tasks that are just as important today. The purpose of paper is highlighting the biggest challenges of the 21st century in Management, the paper is a review paper; that will make a review for a number of previous studies in the same field. This paper providing a view of management in the Middle East (ME) and shows some examples of the challenges HR departments face in company in the Middle East and how they might be overcome. Furthermore, to enrich the subject of management challenges, a practical case has been chosen for the challenges of the HR management in Jordan.

2. The methodology of paper

2.1 Problem of the paper

The problem area of the study can be formulated it as the following questions:

- What are the Challenges of the 21st century in management?
- How do these challenges are addressed by managers and how to deal with them?
- How is these challenges effects in various aspects of economic, social and cultural life?

2.2 Objectives of the paper

The main objectives of this paper are:

- To identify the Challenges of the 21st century in Management.
- Highlight how these challenges are addressed by managers and how to deal with them.
- To review the effects of these challenges in various aspects of economic, social and cultural life.

2.3 Means of data collection

This paper is a review study depend on a books and periodicals, take into consideration and highlight on the Challenges of the 21st century in Management. Identify the effects of these challenges in various aspects of economic, social and cultural life. The paper shows some examples of the challenges HR departments face in company in the Middle East and how they might be overcome. In addition a practical case has been chosen for the challenges of the HR management in Jordan focusing on contemporary human resource management issues and illustrates a significant challenge faced by managers.

2.4 Hypotheses of the paper

The main hypothesizes of the paper can be formulated as following:

H₁: Challenges of Management effects significantly on the aspects of economic, social and cultural life.

3. Theoretical background

3.1 Management Challenges for the 21st Century

Many management thinkers have defined management in their own ways, Management is the process of reaching organizational goals by working with and through people and other organizational resources. Also Management is a universal phenomenon. It is a very popular and widely used term. All organizations - business, political, cultural or social are involved in management because it is the management which helps and directs the various efforts towards a definite purpose. According to Harold Koontz, "Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals". According to F.W. Taylor, "Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way". According to Peter Drucker Management is a multi-purpose organ that manages a business and manages managers and manages worker and work. The management has 3 characteristics:

- It is a process or series of continuing and related activities.
- It involves and concentrates on reaching organizational goals.
- It reaches these goals by working with and through people and other organizational resources.

The 4 basic management functions that make up the management process are described in (Planning, Organizing, influencing, Controlling).

3.2 Challenges of modern management

There are several challenges faced by modern managers in organizations. First of all, many of the challenges modern managers face today are closely connected with a widely diverse workplace. It means that those employees who perform their duties in a proper way need retention. Secondly, the challenges facing managers today are focused on their communication style. If communication in the organization is on the low level, managers are not involved in the working process in a proper way and do not maintain awareness of the business situation in the market. Also they are not in touch with the customers and suppliers who play a vital role in the business process. Thirdly, managers face the challenges base on corporate or organizational culture. Corporate, organization or department culture can influence the results of the manager's work. Fourthly, one bigger challenge that managers face today is focused on organizational or corporate direction. It means that the effectively communicating organizational direction with appropriate clarity and consistency to all employees is of great important for today's managers. Fifthly, some challenges that managers face today in the workplace are based on decision making process and so-called feedback mechanisms.

The world is changing and management styles must change with it. And many of the challenges faced by 21st century managers are the same ones that managers have faced for long time. (Peter F. Drucker, 1999) pointed out there are three 21st century challenges in strategic Management, these three tasks that are just as important today:

- Improving Government-Business Relations: Because of the increasing of relationship between businesses and government, they are needing for effective communication between the two. Since both of them relied on each other: the governments regulate trade and enforce fair labor laws, and businesses spur economic growth and provide jobs. So effective management has taking an interest in government.
- Capitalizing on Advancing Technology: The businesses that are embracing technology which provides such as social networks and hardware and software systems which make every things in the world accessible.



- Ensuring Constructive Social Change: every business in the core of its responsibility to conduct in an ethical and responsible manner. And any managers are helping their companies to promote constructive social change and earn the public's trust.

On the other hand (M S Srinivasan, 2011) pointed out that Gary Hamel argues that what is called as "modern" management in its traditional form of theory and practice, and he pointed that they will be new challenges in future which require a different paradigm of management. The leading management minds which gathered at the conference organised by Management Lab charted a list of twenty-five challenges facing 21st century managers and corporate leaders. The most important of these challenges are:

- Rethinking the philosophical foundations of management towards a higher and nobler purpose
- Redesigning the organization into a more open, democratic and inclusive community.
- Rethinking leadership and control towards a more equitable self-managing power-structure.
- Reinventing management education and training towards a more right-brain thinking.

3.3 Published works show that a number of studies and books have been conducted on challenges of management in the 21st century

A. Drucker's book (Management Challenges for the 21st Century) provides insightful and timely information for individuals and organizations alike as they work toward common goals in the next one hundred years. As well this book useful for knowledge-workers and organizations who will face new challenges in the 21st century. Drucker's pointed out the three old Assumptions for the discipline of Management and the four old assumptions for the Practice of Management. There is a critical difference between a natural science and a social discipline, according to Drucker. The physical universe displays natural laws that describe objective reality. Natural laws are constrained by what can be observed, and these laws tend to be stable or change only slowly and incrementally over time. "A natural science deals with the behaviour of objects. But a social discipline such as management deals with the behaviour of people and human institutions. The social universe has no natural laws' of this kind. It is thus subject to continuous change; and this means that assumptions that were valid yesterday can become invalid and, indeed, totally misleading in no time at all. Also Drucker identifies the eight New Management assumptions for the social discipline of management. These assumptions recognizes complexity and avoids old either-or categories. The new organizational assumptions show the need for a balance between S and N (sensing vs intuition) that will facilitate the perceiving of new realities. Assumption 7 calls attention to the need for forging a new balance between E and I (external attention vs internal attention). Another new management assumption involves how managers are to deal with people. "One does not 'manage' people," Drucker says, "The task is to lead people. And the goal is to make productive the specific strengths and knowledge of each individual."

B. The latest from Peter Drucker in his book (Management challenges for the 21ST century). Drucker's indicated in his book that we can learn that the management is not just business management, and that there is no one ideal way to organize an enterprise. and the role will not be to manage at all, it will be to lead. And the national boundaries and even regional markets will no longer define the organization's boundaries. Drucker's also pointed out in his book that the next century, we can expect to become a change leader and we will see exactly what is required of us in order to make change happen in a controlled and orderly fashion. We will see exactly why global competitiveness is here to stay and how we can measure our company against the world leader in our industry. And we will discover what we need to do to increase the productivity of the new information workers and how to develop our own talents now and throughout our life. Beside that Drucker's indicated that we will realize that management reaches outside the organization, and is restrained but not defined by political and national boundaries.

Old and New Paradigms

Old:	Management is business management.
New:	Management principles apply to all organizations.
Old:	There is, or there must be, one right organizational structure.
New:	Look for, develop and test the organization that fits the task.
Old:	There is, or there must be, one right way to manage people.
New:	Don't manage people, lead them.
Old:	Technologies, markets and end-users are given.
New:	Customer disposable-income use dictates policy and strategy; technologies criss-cross.
Old:	Management's scope is legally defined.
New:	Management's scope is operationally defined.
Old:	The economy is defined by national boundaries.
New:	National boundaries restrain but don't define.

Source: Management Challenges for the 21st Century, 2000

4. Middle East Management challenges

Management in the Arab world, received very little attention in the literature. Management in the Middle East (ME) is greatly influenced by culture, Islam, as well as by national and global politics. There are similarities with and differences from the ruling managerial models that prevail in the West. There is no question that the Middle East is one of the economic powerhouses in the modern world. HR departments are facing some obstacles in terms of recruiting and retaining a steady workforce. The paper will take into account HR departments and show some examples of the challenges HR departments face in Initiafy company as a case study in the Middle East and how they might be overcome. Initiafy is a leading provider of contractor management software specifically tailored for heavy industry.

Shortage of Talent

It is a problem that has become quite controversial in the United States and the U.K., where technology companies are hiring external staff due to a lack of suitable home-grown workers. The Middle East have a similar problem, a lack of domestic talent means HR departments are forced to look externally for workers. And this would be a challenge for any HR department even with local resources available. This enforces HR departments to try harder to retain the existing workforce, and upskilling, and try to keep that staff member for as long as possible. According to Brendan Tobin, the Marketing Manager at Initiafy, This means your aim as a HR department is to woo talent before you need them. Also Brendan said "Middle Eastern HR departments are leveraging the web to reach and communicate to labour markets and, in doing so, are addressing the protracted recruitment process.

Legal Obstacles

According to Cillian O' Grady, the Vice President of Global Sales here at Initiafy, The big challenge for HR departments in the Middle East is that most countries legislation changes so quickly unlike in Europe and the U.S., "Keeping up with legislation is extremely difficult." The best practical advice in this situation would be for HR managers to work within the current legislation, and keep an eye out for changes. If you think the changes will affect your workforce, raise the issue with your senior managers.



The Need for Technology

In every aspect of the hiring process Middle East HR depts are having to employ a greater level of technology. HR depts have to be proactive in their use of tech to meet the modern workforce on their terms. According to Brendan the companies are using social media platforms to create acclimatization groups for expats to help them settle into a new country. A report by The Boston Consulting Group titled 'Creating People Advantage: How to Address HR Challenges Worldwide, the main challenges for HR managers will be: the retaining and building of new employees, dealing with changes to demographics and globalization and developing a learning organisation and "transforming HR into a strategic partner". According to the report, companies that can meet these challenges head on will improve their competitive advantage.

Finally, we can see from this review is that the Middle East faces very specific HR challenges and the human resources managers should be aware of these changes or of the possibilities of HR tech to meet these challenges.

5. Human Resource Management in Jordan

In Jordan, the basic HRM practices are similar to those applied in advanced countries. Each organization in the private sector has its own HRM system based on the top management strategy and their outlook on human resources in their organization. All HRM systems and their by laws are in line with the employment law. Large organizations normally have elaborate and detailed systems that specify the role and position of the employee along his career path in the organization. HRM systems in small organizations are not that elaborate and depend on the perception of top management about human resources. A typical HRM system in Jordan includes all the regular functions of an HRM department, such as recruitment and selection, performance appraisal, training and development, compensation and benefits, and monitoring attendance, absenteeism, and sick leave. The size of these functions depends on the size of the organization and the skills and knowledge of the HRM director. The HRM units in Jordanian firms play a moderate role. Top management normally takes the lead intervenes in HRM decisions related to hiring and firing employees. Jordan is a relational society, in which family is the most important unit in the life of the individual. This support is exemplified in the case of employment of individuals, whereby influential persons from the family intervene with those who have the authority to employ to a particular person. Since 1990 Jordan has witnessed a high level of unemployment due to the Jordanian returnees from Kuwait and the Gulf State as a consequence of the first Gulf War. The unemployment situation has been exacerbated due to the refugees. This high level of unemployment during the last 20 years has put pressure on individuals to find employment opportunities for their unemployed relatives. This contributed to the increase of nepotism (wasta), favouring unqualified individuals. This is reflected in low job performance and high turnover rate in most Jordanian firms.

The Case: The Jordan Company for Hospitality Education (JCHE)

In order to enrich the subject of management challenges, a practical case has been chosen for the challenges of the HR management in Jordan. The case study concluded from casebook (The Global Human Resource Management Casebook, 2017) that is a collection of international teaching cases focusing on contemporary human resource management issues and illustrates a significant challenge faced by managers and HR practitioners. This case focuses on how to manage a business entity, Century Park Hotel (CPH), in an educational environment (Jordan Applied University College of Hospitality and Tourism Education – JAU). Organizational Setting: In 1980, the government of Jordan established the Ammon Hospitality College (AHC), the first of its kind in Jordan to start hospitality education programmes in the Kingdom. The objective of AHC was to provide the Jordanian hospitality sector of its growing need of qualified employees. In 1996, hotel owners in Jordan formed The Jordan Company for Hospitality Education (JCHE), to take over AHC and revive its mission to



continue developing hospitality education in Jordan. They leased AHC facilities from the government for 30 years for minimal fees and started to renovate and upgrade the facilities for its new revived role and mission. Since 1996, JCHE has undergone turbulent changes leading to instability of operations and contradictions in managerial and academic policies in the various units of JCHE. In 2005, consultants were brought in to investigate and recommend solutions they found two major issues: high turnover among the managing directors of JCHE and the dean position at JAU. This high turnover in the top positions had resulted in employee turnover in both entities. A lack of structure at various units of JCHE led to contradictory academic and managerial policies which in turn led to low employee morale and consequently higher turnover. JCHE is a private company, with 70% private sector ownership, and 30% public sector ownership. Although JCHE is a private company, it has no profit orientation. Its mission is to educate students theoretically and practically to obtain the required skills that enable them to work in the hospitality sector. JCHE owns three entities: The Jordan Applied University College of Hospitality and Tourism Education (JAU – formerly AHC), the Jordan Hotel School (JHS), and the Century Park Hotel (CPH). JCHE is managed by a managing director and reports directly to the JCHE board of directors. JCHE is not unionized and employees' rights and duties are specified as per Jordanian employment law. JAU is a university level college specialized in hospitality education. JAU is managed by a Dean who is appointed by the Ministry of Higher Education and Scientific Research based on the recommendations of the Board of Trustees. The JAU Dean reports to the board of trustees and is responsible for all academic, managerial and financial matters related to JAU. The JAU Dean works in coordination with the managing director of JCHE. JHS is an eleven and twelve grade high school in Hotel management. It is managed by school principle who reports to a managing director. Most JHS graduates join JAU programmes. CPH is a four-star hotel business entity. It is open for business and serves as a training hotel for JAU and JHS students. It is managed by a manager who reports to the managing director.

The Management Process at JCHE

JCHE started its operations in 1998 with the appointment of a new board chairman and managing director. This person was a well known hotelier. He studied hotel management and practised it; he established the foundations of AHC in terms of its programmes and practical orientation. In 2000, he left the JCHE managing director position, but remained a Board member. After that time, JCHE witnessed contradictory managerial practices in the management of JCHE due to top management turnover. Between 2000 and 2005, JCHE was managed by eight different managing directors. The average length of stay of each director was less than a year. During this time, AHC was managed by four deans. This high turnover among the top management of the two units led to continuous changes in policies and practices, which in turn led to instability of operations and considerable turnover of employees at JCHE and AHC. A lack of structure and role identification led to contradictory decisions and interference by JCHE management in AHC operations.

The managing directors of JCHE lacked the knowledge required to manage an academic entity. This led to professional failure, which resulted in many qualified individuals leaving AHC. AHC's management was insufficiently qualified. The situation at JCHE were managed on a daily basis without a clear strategic, especially the understanding of the importance of the academic requirements. These units used to give priority to the Century Park Hotel. Due to this, services at AHC were delayed and that led to an inability to meet the requirements of the education process. The Human Resource Manager at JCHE since 1998 lived through the volatile period in JCHE in general, and the HR department in particular. The major issues included: The non-existence of clear points of reference for departments and divisions, a lack of organizational structure with specified job descriptions for all employees. JCHE's structure, which consisted of three units that are very different from each other in terms of operation, regulations and requirements for labour and management. The lack of qualified labour to work in the hospitality sector. Employees in the central units, offer their services to all units at JCHE, receiving instructions from all units at the same time. In 2004, AHC was upgraded to a university level college, licensed by the Ministry of Higher Education to grant a bachelor degree. This new development created more managerial complications because the new JAU is governed by a



comprehensive set of academic and managerial rules. The chairman of JCHE's Board, a well known hotelier and a very successful businessman realized the importance of change at this stage and the need to bring in qualified individuals to manage JCHE and JAU.

Further Developments has been done due to the problems facing JCHE, a new managing director was appointed in 2005. The new managing director had very good experience and knowledge. Nevertheless, JAU's problems regarding academic and managerial requirements remained. Four months after the appointment, a Lebanese company specializing in hospitality management was brought in to manage JAU. Unfortunately, the Lebanese company failed to introduce any academic changes. After nine months, the JCHE Board of Directors decided to terminate their contract. In 2006 a professor of business management and a former dean of the business school at the University of Jordan was hired. This professor combined academic and managerial capabilities. He was also a member of the board of trustees of JAU. The new Dean started to work on the academic as well as the managerial issues. He found the academic plans old. Changes included a new academic plan, and changing the instructional language from Arabic to English. A new and intensive English programme was developed to meet the new changes. In addition a new, unified internship system was applied to all students in the Century Park Hotel. All regulations and procedures needed for these academic development changes were set and approved by the Board of Trustees. The Dean and the managing directors cooperated well. This led to stability of operations in all JCHE units as an outcome of this policy. They set a policy that only qualified individuals were eligible to be hired. Turnover declined by almost 70% in all units and employees and staff are managed through an established system and structure.

After four years of operation under the new top management of JCHE and JAU, JCHE management is well positioned and cooperating successfully with the JAU Deanship. Managerial as well as HRM systems are in place and developing continuously to meet the challenges facing employment in the hospitality sector. Operations at Century Park Hotel are progressing successfully and it is performing its role as a training hotel quite successfully. The HR manager, with the policies set by top management at JCHE and JAU, developed an HRM system that defines clearly the procedures and regulations for HRM functions. He developed a job description framework for jobs at JCHE, performance evaluation programmes and an elaborate recruitment and selection process. This helped in stabilizing operations and reducing many contradictory issues. The academic system in place is unique and has comparative advantages over other similar institutions in Jordan. The academic mix of theoretical and practical aspects gave JAU this comparative advantage which led the accreditation commission of higher education institutions to adopt the JAU model for other universities.

Conclusion

Management is the process of reaching organizational goals by various resources. As Harold Koontz said Management is an art of creating an environment in which people can perform and co-operate towards of group goals. Different literature identified the Biggest Challenges of the 21st century in Management, the most famous researchers on this topics is Peter F. Drucker who provides insightful and timely information for individuals and organizations alike as they work toward common goals in the next one hundred years. The world is changing and management styles change as well. Many of the challenges faced by 21st century managers are similar to that ones have faced for long time. (Peter F. Drucker,1999) pointed out there are three 21st century challenges in strategic Management :Improving Government-Business Relations, Capitalizing on Advancing Technology, Ensuring Constructive Social Change. Regarding to the challenges faced by (JCHE) the new management of determined the academic and the managerial issues. a new regulations and procedures needed for these academic development changes were set . As developing an HRM system that defines clearly the procedures and regulations for HRM functions and developed a job description framework for jobs at JCHE, performance evaluation programmes and an elaborate recruitment and selection process. This helped in stabilizing operations and reducing many contradictory issues.The academic system in place is unique and has comparative advantages over other similar institutions in Jordan. This gave JAU a



comparative advantage which led the accreditation commission of higher education institutions to adopt the JAU model for other universities.

In conclusion, it is important to say that managers and corporate leaders today's and in the future should be face these challenges and they should be ready always to face any problems and find new innovative ways or ideas to achieve the major organization goals in an ever increasing in technology. And besides that they must be risky sometimes if it is necessary to put they foot in competitive and in high position. Beside that we should always keep in our mind that the flexibility and creativity in planning and other tasks are important things and these can strengthen the ability of mangers to face the challenges in its different kind cause these challenges may prevent to perform the major tasks in business in a right way and therefore to be a strong competitor in the market place.

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