

## Lecture 4

### Modern Challenges for Managers

Every business has to cope with the external environment prevailing at different times. This environment provides a set of outside challenges that is difficult to control. These factors may have an important impact on how well a manager performs. To ensure survival, organizations must respond to environmental developments with speed and effectiveness. We are discussing here some key challenges such as information technology, globalization and intellectual capital which have an impact on the job of managing.

#### Information Technology (IT):

There is a revolution in information technology. There are computers, internet, intranets, telecommunications, and infinite range of software applications available to get for getting the things done in a better way. A manager has to make a choice for using the best technology available. Many concerns have employed specialists for making a proper selection of hardware and software available at that time.

Managers must use technology to perform their work and achieve desired results. The selection of IT must be made by keeping in view the end user and work to be completed. Managers must learn how to work with IT specialists to determine the most effective technologies for the work to be achieved and then consider the best way to implement those technologies. Managers have to determine the best way to network an organization's system, also deciding about what network information will be available to whom and what types of security are necessary to protect the network.

Information technology will be successfully implemented only if the employees are properly trained to use it. Effective managers ensure that employees are associated at the time of selection and implementation of technology. The IT challenge that modern managers face is likely to continue unabated. Personal computers (PC) started about 26 years earlier and internet was started about 10 years back. All these developments have greatly influenced the work place.

The use of this technology have improved the work performance of employees. IT adept managers will have a bright future. Some may start working for more than one organization without leaving their home office. Managers must remain aware of the opportunities and threats posed to the organizations by the unabated technology revolution.

#### Globalization:

The communication revolution has brought the whole world closer. The use of satellites for information communication has improved the things fast. The major component of globalization of business, culture and economics is the ability and freedom to connect to almost anyone, anytime, anywhere. The communication revolution has helped the development of global trading blocks and world trade agreements.

The trading blocks such as North American Free Trade Agreement (NAFTA), Latin America's MERCOSUR, Asia's ASEAN and European Union (EU) have originated in the past twenty years. It does not look strange that European countries which were fighting the wars during World Wars have now joined hands for economic interests. The creation of World Trade Organization (WTO) has facilitated the opening of markets for world trade.

The multinational companies have started shifting their manufacturing activities to those countries where cheap and trained labour is available. This has helped these companies in reducing the costs of the products. The opening up of Indian markets to multinational companies has changed the complexion of markets. The Indian producers are now trying to improve the quality of products and supplying goods at competitive rates. The consumers are the happiest lot in globalized marketing.

A manager has to plan his business strategies by keeping in view the world economy. He has to prepare the organization for facing the new competition. Managers must find ways to beat foreign competition on price and quality as consumer choices widen. The globalization trend is not likely to change in future; the best thing is to face it. Modern managers should be mentally prepared to face the global competition in the future.

#### Intellectual Capital:

Intellectual capital is relatively recent term that has been coined to reflect that principal assets of modern organizations lie in the minds of their workers rather than in machinery, bricks and mortar. Thomas Stewart has defined intellectual capital as the "intellectual material-knowledge information, intellectual property, experience-that can be put to use to create wealth. It is the sum of everything everybody in a company knows that gives it a competitive edge." During 19th century and early part of 20th century the main profession used to be agriculture. Most of the people were directly or indirectly engaged in agriculture.

During the second and third decades of 20th century people started shifting from agriculture to manufacturing. The World War II gave Phillip to manufacturing industries because of war requirements of the countries. In the second half of 20th century information revolution was felt. During 1970's manager began to discover that they could gain efficiencies and competitiveness by making use of information technology. The service sector expanded rapidly during this period.

The application of information technology put additional burden on workers. They had to first learn the use of this technology and then constantly make efforts for improving their work. The highly educated workers were required to make full use of information technology. The Knowledge Worker is quite different from the worker of F.W. Taylor. The knowledge worker is expected to think of new and better things for improving his work and performing the job in a best possible way.

In Taylor's system, 'one best way of doing the things' was suggested by the supervisor but the knowledge worker is supposed to determine his own best way of doing the things. Today's workers are also supposed to keep abreast with the new changes in the technology and make use of it. They are expected help in improving the overall productivity of the organization. Such workers are the intellectual capital that is the most important asset of the modern organization.

Modern managers have to use techniques for capturing and using the knowledge generated in the organization. In order to stay competition managers have to use the knowledge of workers which has been stored in their minds. They have to use techniques which can help the best possible use of knowledge of workers for the betterment of the organization