

Importance Of Management Concepts In Modern Organizations

Posted on July 27, 2022

Abstract

New technological trends in the business environment have significantly changed the previous views of management. Innovative, knowledge-based, and digital organizations are now replacing the existing models of business operations. In this regard, managers must employ some key management, such as planning and leadership, for the sustainable growth of the organization. In this regard, the following report provides a comprehensive analysis of contemporary business challenges and the importance of planning and leadership in coping with them. It further discusses how these two key concepts are extremely important, especially for a new business to grow in the current dynamic environment.

Importance of Management Concepts in Modern Organizations

Introduction

The survival and development of modern organizations, which are innovative, digital, and knowledge-based, largely depend on the efficiency and ability of their top management to adapt to dynamic changes in the business environment caused by globalization and other natural and economic crises (McCloughlin, 2006). In this regard, the role of upper management is highly crucial to utilize the company's resources and explore new opportunities to ensure its sustainable growth. Many management theories and models have been explored by researchers to help managers not only optimize their company business operations but also cope with uncertain circumstances that pose potential threats to the business (Samosudova, 2017; Sousa and Moço, 2017).

These conceptual models of management incorporate all dimensions of an organization, including its resources, market share, and other internal and external factors that can influence its growth. However, in this regard, it is the primary responsibility of managers to initiate, operate and innovate essential activities and processes in a very effective manner through strategic planning and persuasive leadership to achieve the desired goals. This requires managers to possess excellent planning and leadership skills to run their organizations in all kinds of circumstances through their creative and strategic approach, as it is the only means for an organization to evolve in a dynamic environment, implement innovations and ensure market competitiveness.

In this regard, the following report presents a comparative analysis of the role of these modern management concepts, i.e. planning and leadership, in determining the success of an organization subject to a dynamic business environment. Furthermore, recommendations are made for managers to add value addition to the organization through proper planning and effective leadership.

The Critical Role of Planning and Leading in the Success of a Modern Organization

Planning and Leadership in the 21st Century

The 21st century has brought tremendous changes in almost every field of life by innovating the existing means of living, communication, production, and transportation. This technological revolution has made the entire world a single market for organizations to expand their business to almost every country, along with innovating and digitalizing the existing processes and management practices. But this has also led to the growing need to incorporate digital solutions at the workplace and develop more sophisticated products/services to meet the customer's satisfaction, imposing a great challenge for the existing companies to survive in such an integrated, innovative, and complex market. Conversely, many opportunities have emerged for new businesses to replace previous ones by optimizing the cost and time of specific production or service processes through smart technological means. This is the primary reason for the ongoing focus on entrepreneurship and development for economic growth (Sergi, 2019).

In short, innovation, digitalization, and human resource management are now considered critical elements for any organization to stay competitive and successful in the market (DE VRIES, BEKKERS, and TUMMERS, 2015). Moreover, due to such unprecedented changes in the business environment, the existing models and theories of management do not sufficiently address the contemporary management challenges and strategies to deal with them (Sousa and Moço, 2017). For instance, contingency theory, which considers an organization as a system consisting of many subsystems, claims that no single management design is appropriate in all kinds of circumstances (Schou, 2020). However, in almost all models of management, it is emphasized to initiate and develop activities necessary for the survival and growth of the company.

This factor becomes more critical for new companies as they not only have to stabilize themselves in the existing market despite their insufficient resources but also to create a new one from scratch in most cases (SAPIENZA, AUTIO, and ZAHRA, 2003). This finally results in the slow growth of young companies unless entrepreneurs exhibit more risk-taking, proactivity, and competitive aggression. So, technological transformation is not possible without the specialized efforts of managers, who, according to CHIRIMBU (2014), anticipate, make plans, and develop strategies through imaginative, proactive, and cognitive approaches.

For this reason, the concept of leadership in the global economic environment has been subjected to extensive and detailed research in recent years, which highlights the extremely important role of managers in leading the organization in the turbulent environment of the 19th century (Abbas and Asghar, 2010). Thus, considering the change in the organizational structure and related management challenges, the managers have a responsibility to plan and lead the particular activities and business operations, whether the company is already running or a new one has to be created. In this regard, they set a particular vision and mission of the company and then plan all the related activities through which the desired goals can be achieved. Therefore, planning is a fundamental component of any company to organize resources and people effectively and prioritize actions and decisions based on the set objectives.

In the context of a new company, planning includes a rigorous analysis of the market gap and then setting the goal of the business accordingly, developing a business model, exploring and accessing the required resources effectively and efficiently, utilizing these resources effectually, and developing contingency practices to deal with the uncertain circumstance.

However, to sustain business growth, managers assume the role of leaders and empower their employees with the necessary skills to work independently and creatively. This initiates planning at almost all levels of the organization by the employees when they feel motivated and satisfied under the leadership of the managers. However, this is only possible when managers have an in-depth understanding of the contemporary challenges and management practices to plan and lead effectively to achieve the desired goals, as discussed in the following section.

Importance of Planning and Leading Effectively

Planning is the beginning of any management process which provides direction to any organization and directly affects its performance. Planning primarily involves possible future developments, and for modern organizations with complex, technological, and dynamic changes along with severe competition due to changing consumer preferences, it provides a future outlook to design and modify the business models (Демиденко, 2015). Planning also maintains the focus of managers on the stated objectives of the company and makes strategic decisions accordingly, which optimizes managerial time and effort.

Moreover, since planning encourages the collection of relevant data and information, it minimizes the possibility of any haphazard decisions, along with providing maximum control over different variables that can influence the progress of the company. This also ensures the proper utilization of the resources and quality control for different business processes based on anticipated data, leading to improved productivity for the organization. Therefore, Olumuyiwa (2012), in his case study of Sterling Bank Nigeria Plc, found that effective planning has a direct relationship with the banks' productivity and employees' performance.

Another prominent outcome of planning is the competitive advantage achieved on the basis of market

insights, understanding of the strengths and weaknesses of the competitors, and the company's strengths and unique resources. Therefore, formal planning significantly impacts the success of any business, as shown by various studies indicating the improved return on investment, earnings per share, and other financial indicators (Jurczyk-Bunkowska, 2012; Kraus, Harms and Schwarz, 2008; Mazzarol, Clark and Reboud, 2014). Thus, planning is a fundamental step toward the creation and progress of any company.

Apart from strategic planning, effective leadership also plays an equal part in the sustainability of a company. Moreover, in the contemporary business environment, the role of leaders has been further highlighted, considering the dynamic changes in the organization that influence the relationship between employers and employees (Chan, McBey, and Scott-Ladd, 2010). For example, with the creation of more digital and knowledge-based organizations, as discussed above, leaders have a responsibility to lead their teams virtually, which is a big challenge (Schultz, 2010). Therefore, researchers have described various models and styles of leadership, such as autocratic, authoritative, democratic, and Laissez-Faire, in pursuit of recommending the most appropriate means of effective leadership in modern organizations (Reunanen and Kaitonen, 2016).

However, after presenting an Ontological analysis of different leadership styles, Reunanen and Kaitonen (2016) concluded that the most effective style is situational leadership, which requires leaders and managers to behave according to the situation. The role of a leader is multi-dimensional, and he leads and guides the team to achieve a specific set of objectives by inspiring and motivating them with a common purpose. In this way, all team members utilize their maximum efforts to achieve that particular goal, and as a result, the productivity of the workplace is increased significantly. Therefore, Raišienė (2014) suggested that to run modern organizations effectively; managers must assume the role of leaders collaborating with their team with high emotional, intellectual, and managerial skills. To support his argument, he empirically analyzed 48 organizations in Lithuania and concluded that "... the only leader having specific values, attitudes, competencies, abilities and professional characteristics can overcome managerial challenges in today's organizations".

Leadership and entrepreneurship are also connected, noting that all successful entrepreneurs possess effective leadership skills of innovation, vision, and proactive personality, as indicated by EL-Annan (2013). Therefore, many entrepreneurs revived their businesses by practising incredible leadership qualities. Thus, the leadership competence of managers plays a decisive role in the effectiveness of the workplace.

Recommending planning and leadership to add value to the organization

In light of the above discussion on the importance of planning and leadership for the success of modern organizations, it is recommended that business managers exhibit excellent planning and leadership skills in accordance with their scope of business. These management concepts are relevant

to all kinds of business because they serve as the fundamental factors for successful and effective business operations. Specifically, the value of any business is measured in terms of a number of factors such as customer satisfaction, efficient resource utilization, increased sales and profit, reduced stress of workers and improved overall quality of products and services. So, by proper planning and effective leadership, managers can improve multiple factors simultaneously and thus increase the productivity of the organization.

The value addition thus achieved is also continuous as planning and leadership ensure the correct management decisions and their efficient implementation required for smooth operations and efficient problem-solving in the current dynamic environment. However, managers should first carefully understand their role in a particular organization for effective utilization of these skills, as their awareness of their strengths and weaknesses is also important, along with up-to-date knowledge of the market. Also, someone should not be required to be in the top position to plan and execute an innovative approach. In fact, in large organizations which are operating in several cities in a country and outside the country with thousands of employees, strategic planning exists on many levels. Therefore, employees should also utilize effective planning and leadership within their domain.

However, for me, planning takes an entirely different approach as I have to start my own business. In this regard, as a manager, I will perform a complete market analysis to finalize the scope of my business and will design a business model to fill the market gap. Once the business model is prepared, I will seek the required resources, which include materials, machines, and human capital, to launch the business and operate it efficiently. At this stage, leadership skills become a critical element that, in fact, determines the future of the business. For any new company, it is very difficult to earn the trust of qualified employees as they are very aware of the market situation and current business challenges. Therefore, my focus will be to create a team that will own the specific goal that I will show them as the result of my market research and the effectiveness of the designed business model. In this way, both planning and leadership will play a critical role in the development of my venture.

Conclusion

The concept of management has changed remarkably with the advent of new technologies, especially in the fields of communication, transportation, and production. This has led to many challenges for managers in utilizing effective approaches to tackle workplace issues and dynamic changes in the business environment. In this regard, planning and leadership are key elements that managers can employ to ensure the smooth operation and continued growth of the organizations. Moreover, for entrepreneurs, these management concepts are more critical, considering the turbulent environment of new businesses. Thus, managers of all kinds of businesses should capitalize on planning and leadership while organizing the resources and achieving a competitive advantage in the market.

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