Management in hypermodernity

Feriha Ozdemir*, Department of Innovation and Competence Management, Faculty of Economic Disciplines, School of Economic Disciplines, University Siegen, Kohlbettstr. 15, 57072 Siegen, Germany

Abstract

This study will discuss the transformation to a new paradigm of management in a world of volatility, uncertainty, complexity and ambiguity, also called VUCA world, which greatly affects organisations that face external and internal changes and struggle between old and new management philosophies. Organisations with path dependencies on trivial assumptions reach their limits in a VUCA world so that they have to rethink their future vitality. Conventional management approaches interpret companies as easy handling machines with obvious behaviour. In this context, mono cultural companies are past-orientated, too rigid and less able to learn from experiences, and adapt accordingly with a lack of creativity and innovation. There are several proposals to reinvent organisations such as living systems that have evolutionary purpose. This explorative literature review presents the relational management approach in hypermodernity that is based on systemic-relational assumptions as this proposal is characterised by high sensitivity for complex fields, such as big data. This leads to an iterative learning process design of enabling and empowering management of capabilities towards handling multioptions and contingent environments in the digital age.

Keywords: Complexity, hypermodernity, management, process design.

* ADDRESS FOR CORRESPONDENCE: **Ozdemir, Feriha,** Faculty of Economic Disciplines, University Siegen, 57072 Siegen, Germany.
E-mail address: oezdemir@wiwi.uni-siegen.de / Tel.: +49-271-740-2223

1. Introduction

Western economies are undergoing a radical change that has huge effects on the business environment. Companies are subjected to dynamic complexity, contingency and substantial uncertainty. In a world of volatility, uncertainty, complexity and ambiguity (VUCA world), everything can happen differently and within a given space (Ortmann, 2009). Development towards vital and resilient organisations is a transformation of values and a social change by introducing new social and economic structures that has an effect on habits, practices and values. The business environment is facing differentiation processes (Malone, 2004) and digitalisation shifts to (new) work 4.0 may replace work by algorithms. Furthermore, diversity and skills shortage are identified as important issues and are decisive drivers for the importance of a new management paradigm. This transformation is a manifest of changing relationships to environment and people. Organisations focus on efficiency and profits which are one-dimensional perspectives that limit the possibilities of development. Resilient organisations have sufficient reserves, resp. reservoirs, of possibilities that are people's capabilities and strengthen social cohesion and interaction. The purpose of resilient systems is development and this is defined as a process of enlarging people's capabilities (Sen, 2009).

The shift to a new economy requires different approaches than the classic management paradigms which often result in a development deadlock and path dependency. Therefore, management is undergoing a change towards 'democratic' and heterarchy structures (Laloux, 2015). This article is based on a literature study that will present a new management paradigm for the challenge to handle complexity, such as in software contexts. This will be presented by the example of the 'solution cycle' as a learning and participatory process design that contributes to the lack in the classic management approach. This method is based on the systemic-relational approach and consists of three main steps: diagnosis, realisation and reflection. The rest of the article is structured as follows: the changing management paradigms, developing relational management by capability expansion and the conclusion.

2. Methods

This research was carried out in accordance with the literature review method, which is one of the qualitative research methods. A temporary outline was prepared for what to do at the beginning of the research process. The purpose of the literature review of the planned area was to determine what types of issues about previously that the accumulation of scientific knowledge and research on these knowledge to configure, known on the subject and identification of unknown size is deciding what size the investigation is. Research and publications made in our country and other countries were obtained by using libraries as well as internet facilities. The information obtained were evaluated from a critical point of view, and comments were made according to the conditions of our country, and were reported (Altunisik, Coskun, Bayraktaroglu & Yildirim, 2005).

3. Results

3.1. The changing management paradigms

Up until now, the organisational environment and management philosophies have changed. These can be summed up by six main tendencies: classic approaches, behavioural approaches, mathematical-quantitative approaches, systemic-relational approach, economic approaches and evolutionary approaches (Frese, 2013). The classic management approaches interpret companies as easy handling machines with an obvious behaviour. They are characterised by high conformity with social norms and decisions are legitimised by the social room. The modern paradigms are marked by the narrative of performances. Efficiency and effectiveness are benchmarks for decisions. In the postmodern age, pluralistic management cultures have been raised. The latest paradigm follows the developments of democratic organisations and cases of agility, integrality and evolution which are

connected to the systemic approach that has its roots in the biological context of evolution and ecosystems of the last century (Laloux, 2015).

According to the systemic approach, social systems, like organisations, maintain themselves by generating differences from their environment (Luhmann, 1984). They use boundaries for the regulation of these differences. Moreover, social systems constitute themselves through communication (Luhmann, 1984). While classic management is limited to planning, organisation, leadership and control, the systemic approach describes organisations as not directly influence able. But indirectly it becomes possible by creating promotional framework conditions which are described in terms of relational context management (Bergmann &Daub, 2007). Furthermore, the control element of social systems is stated by communication and rules of self-organising.

Conventional organisations are linked with soulless, cumbersome machines, while postmodern times create the organisational metaphor of a family that has a caring, serving but patriarchal character too. Evolutionary organisations generate the metaphor of a living organism with an evolutionary sense (Luhmann, 1984). This explains that a new management paradigm tends to expressly emphasise the generation of sense, purpose and values. Ortmann (2009) uses the term hypermodernity in case of contingent environments that will be taken to express a new management paradigm. The interdisciplinary literature review shows the high relevance of diversity, connections, capabilities and relationships. The elements' vitality and resilience in hypermodernity require the ability to respond to the high complexity and contingency with an equally high inner complexity of the social system. That states Ashby's law, also known as the Law of Requisite Variety: 'The larger the variety of actions available to a control system, the larger the variety of perturbations it is able to compensate', which creates challenges for the management (Ashby, 1970). It means that organisations have to increase their inner variety and competences that is diversity. Competences are defined as problem-solving abilities (Bergmann & Daub, 2007) and are the key solutions for managing complexity. Resilient organisations have sufficient reserves, resp. reservoirs, of possibilities that are people's capabilities and strengthen social cohesion and interaction. The purpose of resilient systems is development and this is defined as a process of enlarging people's choices and capabilities (Sen, 2009).

3.2. Developing relational management by capability expansion

The dynamic complexity of algorithms and big data in hypermodernity requires the response of an equal system of high variety which becomes possible by capabilities. They are linked to multiple competences and capability disposition. Innovation (Bergmann & Daub, 2007) known as a renewal process is characterised by serendipity, development, learning and changing. Thus, development becomes capability expansion (Sen, 2009) and the management of diversity becomes managing capabilities that are introduced by an innovative change process. Developments are changes and these are finally learning processes. Developing capabilities need a contextual–relational approach that is sensitive to complexity and will be presented by the solution cycle.

The rise of diversity implies the challenge of communication. Communication problems are well known in projects, e.g., in software engineering. From a systems theoretical perspective, the probability to increase the prospects for achieving a satisfactory result becomes very likely by relational context management. According to Bergmann (2005), effective and successful communication is information. Following the Oxford Dictionaries (Dictionary, 2012), the term information comes from the Latin term 'informare' which means to give form to the mind. In this case, it means to cause consumers/end-users to purchase products or services by communication as offers are evaluated as useful solutions.

Effective and successful communication is based on creating conducive framework conditions that lead to the engagement and participation of different actors in a dialogical corporate culture (Bergmann, 2014). Studies about users' preferences (e.g., usability, user driven innovation, open

innovation) outline the importance of end-users' integration in the development process to reduce flop rates of products and services. Most problems of communication belong to the major problems and challenges of trivial management assumptions and technical issues rather than sociocultural challenges. According to Luhmann (1984), human communication is unlikely for three reasons: either human actors do not understand each other or they do not accept the contents or communication fails because of difficulty in understanding acoustically.

Ensuring a vital system can be achieved by coherence activities, such as comprehensibility, manageability and meaningfulness. These three components known as the sense of coherence go back to Antonovsky's work in Salutogenesis (1997). Furthermore, it should be noted that with regard to strategic orientation, business competence, business identity and the vision play a central role.

The business environment is subjected to dynamic complexity so that these turbulent systems can be characterised as organically, spontaneously and self-organising. A method for realising relational management will be presented by the solution cycle, which evolved from the systemic approach of management and several research projects of Bergmann and Daub (2007) that primarily focused on plurality and the integration of all actors in its first steps. It is a process design that is applied to manage projects by evaluation and making decisions in dialogues. The process design can also be described as an iterative communicative interaction process. It shows how to indirectly enable contextual influence and development of projects (Bergmann, 2005). Hence, this method is called a *participatory learning process design* (Ozdemir, 2018). The contextual preconditions have to be created by the management.

Following this approach, all projects can be divided into three main stages: diagnosis, realisation and reflection (Malone, 2004). The first stage defines the common ground problems and goals and is designed perceptually (diagnosis) in step one (recognising) and step two (clarifying). Throughout the entire project, the diagnosis steps are most relevant and decisive for the further development of the project.
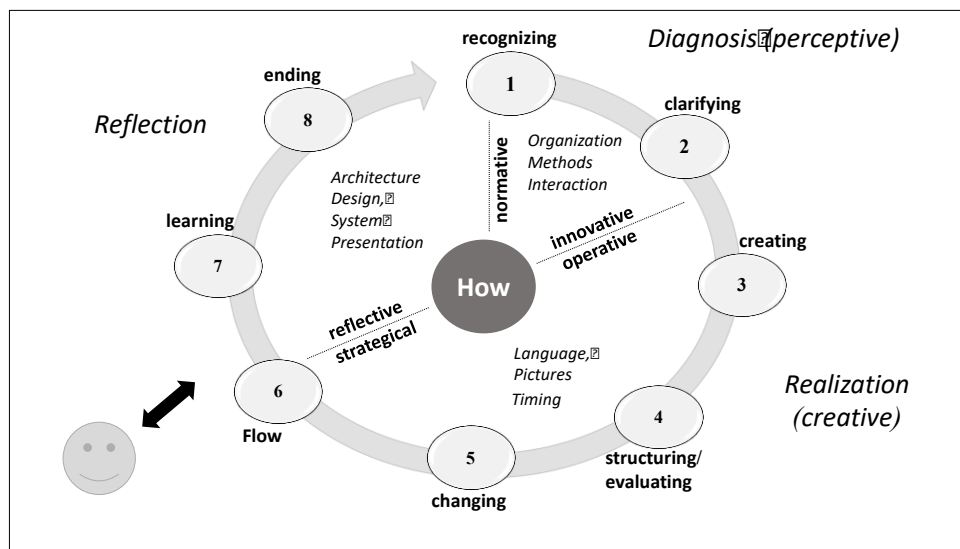

Figure 1. The participatory learning process design (Bergmann & Daub, 2007; Ozdemir, 2018)

Creating a common perspective on the task is possible by jointly clarifying the context and working on common rules. The second step is called the diagnosis constitution of a common ground which is the agreement on common goals, competences, visions and problems. Visions and guidelines serve the purpose of identification, orientation and development. Given the importance attached to this issue, the first steps require time and space (Bergmann & Daub, 2007). Step three is about creating more opportunities, solutions and differences. Promoting creativity is likely by abduction of free zones

causing team members to dissociate from the problem (Bergmann, 2005). After developing forward-looking ideas, team members evaluate and plan possible solutions together and come to common decisions.

Realising a change in step five means intervening in the context, in actors or in the institution which is possible by changing: (1) language/images (e.g., concerned and respectful interaction, positive expressions by changing the words), (2) design/architecture (e.g., pleasant working atmosphere), (3) structures in organisation (e.g., flat hierarchies) and (4) managing of time (e.g., idleness, flexible working hours) (Bergmann & Daub, 2007). Project members are invited to report and evaluate the results and praise or complain at the next stage. In the best-case scenario connection, participation and common decisions allow experiencing flow, which leads to stage seven to patterns by reflecting and learning. Finally, the project comes to an end where all participants give final feedback (Bergmann, 2014).

The main task of the manager, resp. supportive leader, is to provide new impulses and irritation, generating a framework by interactively developing standards and goals (Bergmann, 2014).The development of a shared culture and conducive atmosphere for dialogues (Bohme, 1995), communication, engagement and lasting relationships becomes more likely. People in flow are more friendly, cooperative, generous and happier (Csikszentmihalyi, 2015). Managing means creating and forming the context by intervening in the (a) language, images, culture, (b) time, (c) organisation and rules, (d) rooms and spaces and (e) people [6].

4. Conclusion and discussion

This article outlines that the challenges of the VUCA world in the digitalisation shift require a new management paradigm. Old assumptions of organisations as easy handling machines are replaced by the metaphor of living systems. A new management paradigm in hypermodernity that is presented in this article is based on the systemic-relational assumptions and is defined as relational management.

Transferring Ashby's law, companies face impacts of pluralisation and this requires a response with an equally high inner variety (Ashby, 1970). For that reason, this article presented a participatory learning method by enabling and empowering a management process of capabilities towards increasing complexity. Managing capabilities is linked to the proposal of systemic management. In conclusion, contextualising capabilities in companies can raise problem-solving abilities and increase organisational response to contingency and complexity of big data by changing structures and markets. This methodology depends on the framework and working conditions in the institutional and organisational context. Changing the context frameworks leads to a behavioural change of people, their relationships and finally the communication. The *participatory process design* presented in this article contributes to the lack in classic management. Regarding future challenges in the context of work 4.0, the development of relationships and capability management should become the answer for resilience.

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