

Shifting Gears: Managing for the Greater Good – Lessons from Peter Drucker

A rich man in the midst of a thousand beggars, he himself is a beggar

Nigerian Proverb

The smell smacks us, first marijuana, then fish, cooking stew, urine, smoldering trash, one after another. Music blares and people shout "Odi Eshi, You Go Wound O" as we walk through. We scramble on roads swallowed whole by potholes, edge single file through alleyways between shacks, duck under clotheslines, shirts past clothing heaped in mounds and by vendors selling a rainbow of fruits and vegetables, yellow and red peppers, yams, plantains. The staccato rhythm of someone pounding Akpu, a staple dish in Africa, acts as the heartbeat of this slum alongside the roads in central Ajegunle, Lagos, Nigeria.

A local boy will step off a bus into these frenzied streets to start a new life, trying to find his way, escaping a broken home, or a future in rural poverty. Without the career skills required for a well-paying job, he'll join the cacophony, working as one of the Alabaru's- male porters who carry goods on their heads or on wheel barrow-or perhaps as vendor peddling Igbo-Indian hems, gum, whiskey, rum, cigarette, candy, sachet water, towels, mosquito nets, batteries, flip-flops or whatever he can find his hands on. ("It's like a Shoprite on the streets", my friend comments.)

Whatever money he earns will go toward food, a shower, and a safe place to lay his head at night, not to the stable home he had once imagined. If he's unlucky, when he arrives in the city, he'll encounter someone from the various mafia groups and kingpins, with the promise of a stable abode soon, learns to smoke weed, rape innocent young girls, push drugs and other nefarious activities. I stopped to chat Ahmad, whose eyes were red from lack of sleep, why he didn't sleep, but he had no home and no money to

buy a space for himself he said, oozing with an offensive smell of one who had not had a bath in some days.

This story may seem very much like a normal condition for the poor in a developing country, but it is a truly humbling experience for me. An eye opener for me one, that not only came to me from the experience alone, but also from how the little boy told his story. He was very open, smiling as if that was a normal thing for every kid his age. As I used the back of my hand to clean the sweats already lining up in front of my head, I could see how much effort he was putting to make a living for himself, how much he had to toil to feed, how many distances he needed to cover to have a decent bath, having being orphaned at 12 and thrown out at 14.

Before then, I always thought that those who were poor were poor because they weren't putting their best into life or because they'd made the wrong turn at some point in their life. This experience has taught me that it was a most stupid and hazy conclusion on my part and one I am truly ashamed of.

That chance meeting in 2006 and what might seem a normal conversation for Ahmad, has had a tremendous impact on my life. That day changed my life. That experience changed my orientation and help put my perspectives about life in the right order. In *Managing Oneself*, Peter Drucker avers that, *one needs to know ones value in order to excel in their life*¹. Looking back, I have come to the realization through that chance meeting and experience that I now have a clearer picture of what my values were and what was important for me in life, most especially what I do with my spare time outside school. I decided that I need to engage myself in causes and organizations where I would be better able to contribute more to a better society.

It sure does not mean that I wasn't compassionate before, but I now have a stronger purpose and focus of who I was, where I belonged and what my contributions should

be. This focus on long-term planning was beautifully captured by Drucker, *that there is one prerequisite for managing the second half of your life; you must begin doing so long before you enters it*¹.

Because he understands his values, he was able to manage his own life with extraordinary skill and great mental agility. Every year or two, Drucker get himself to master a new subject. He devours books and magazines and has a memory so capacious that it appears inexhaustible. Its feats extend from remembering not only all his innumerable friends and their families, but also volumes of historical and personal anecdotes and the entire contents of his lesson. While Drucker worked as a newspaper correspondent abroad, Germany was disintegrating: the triumph of Fascism was the spur for his first book, *The End of Economic Man: The Origins of Totalitarianism*. The book, a hostile examination of the deep irrationality of Fascism², established one of the main strands in Drucker's philosophy. He was a humanitarian thinker, who approaches business, management, and economics as aspects of social and political history, not as ends in themselves.²

Managing for the Greater Good

We have learnt from history that societies thrive and succeed when the fruits of growth are broadly shared. Indeed, no society has ever and will ever succeed without a large, prospering middle class that embraced the idea of progress. More than ever, the ability of the free market democracies to deliver on its promise of widely shared increases in prosperity is now in question as never before in the history of mankind. The challenge that now faces democracy is their failure, for the first time since the Great Depression, to raise the living standards and to provide opportunities for social mobility to a large chunk of their people. Even the countries that seem to have produced economic growth have done so in a manner that has left most citizens no better off.

No wonder Lawrence H. Summers and Ed Balls warned that, *this represents an economic problem that threaten to become a problem for the political system of these nations-and for the idea of democracy itself.*³ This position resonates perfectly Drucker's overarching view *that the world economy will continue to be highly turbulent and highly competitive, prone to abrupt shifts.*⁴

Citizens in industrialized countries continue to value their freedom and the opportunity to participate in self governance. They also want to count on their political system to help create circumstances in which they can use their talents and their labor to provide decent standards of living for themselves and their families. Like in my country, Nigeria, where democratic governments and market system cannot deliver such prosperity to its citizens, what results is political chaos, economic sabotage, spiritual disillusionment, a loss of social trust, material lack, intellectual wastage and increasing conflict across the lines of race, class, religion and ethnicity as is been witnessed in the North East, where the Boko Haram sect continues to wreck havoc, where the Arewa youths have issued a ultimatum to the Igbo's to leave their lands or in the West where the Hausa Fulani herdsmen continue to kill and maim with reckless abandon their very host or in the South where the Niger Delta militants seemed to have suddenly regained their lost momentum.

The Root Cause

Today more than ever, we live in the age of globalization and advancements in technology, as much as society has benefited from both, but with the benefit, comes the reordering of our political economy. Just as Drucker posited, the shift now challenges the capacity of industrialized countries to manage their varied problems or to create a new sense of social dynamism. Four changes, asserts the Commission on Inclusive

Prosperity Report, has fundamentally reshaped the World and further drive the wedge between the haves and have not.

First, the global economy has fundamentally changed over the past 40 years. As a result of these changes, global trade is greater than before with new market opportunities opening up. Many goods are cheaper than before. But this, increasing global economic integration also meant increased competition. Internet and computer technology has made cross-border business organization less costly and more efficient. It has become easier for business to outsource or relocate all or parts of their operations to countries where wages, labor and environmental standards are low.³

Second, the profound technological changes are also replacing traditional middle income jobs. In addition to unskilled labor, advances in robotics and artificial intelligence have put intermediate skill job at risk. Sophisticated machine tools and software are already reducing the need for routine jobs.³

Third, the structure of labor markets has changed, employment in developed countries now; is less likely to be stable or long-term. Where increasing number of worker's now finds themselves in contractual relationship that do not guarantee hours worked or provide benefits. Major corporations have opted to use subcontracting to perform basic functions, and many workers are now classified as independent contractors.³

Fourth, corporations have come to function much less effectively as providers of large-scale opportunity. Increasingly, their dominant focus has been the maximization of share prices and the compensation of their top employees.³

A prophet of some sort...he himself was quick to debunk the idea of predicting the future, not at all, *I don't predict. I just look out the window and see what's visible but not yet seen.*⁴ Drucker's emergence as a profound thinker on society, the economy and politics predates his discovery of management. His thinking was years ahead of his

time, although founded on close observation of the present. The Age of Discontinuity published in 1969, was decades in advance of conventional thinking- and his predictions have been proven right. Drucker spotted three discontinuities that are affecting our world today: in technology and industry; the world economy, and government.⁵

A Way Out-Peter Drucker's Take

How do we then create a stronger, fairer and more sustainable economic model in which the many and not the few benefit from rising prosperity and into the future? Drucker offers positive views about what directions society should take. He offers the following way out;

1. Movement to Social Enterprises and Greater Long-Termism

The concept of Corporate Governance, led by Thatcherite Britain have been dominated by the view that private sector, profit-minded management would automatically yield better results, but Drucker has no truck with the self serving mysticism that surrounds the cult of "share holders value" which tells board of directors to maximize the share price. He calls for a more responsible longer term perspective of championing of non-profit. He calls for long range prosperity and the survival of the enterprise.⁵ The whole meaning of organization, Drucker concludes must change in consequence "*there can no longer be any such thing as the one right organization.*"⁵

2. Toward a Knowledge Society

Since globalization and technological advancements knows no boundary, raising skills level is critical to increasing growth in the long term. Drucker asserts that "the real and controlling resources and the absolute decisive 'factor of production' is neither capital nor land, nor labor. It is knowledge."⁵ He states in *Managing for the Future* (1992): From

now on the key is knowledge.⁶The world is becoming not Labor intensive, not materials intensive, not energy intensive, but knowledge intensive"⁶ To drive home his point for raising the skills level, Drucker beautifully pictures that, *today's advanced knowledge is tomorrow's ignorance.*⁶ To meet with the current needs of technological advancements and globalization, he advised all developed countries have a critical need for "*continual systemic work on the productivity of knowledge and knowledge workers, which is abysmally low, only thus will these states, be enabled to maintain their competitive position in the world economy.*"⁶

3. Right Climate for Economic Wellbeing

Drucker calls for a "Right Climate for Economic Wellbeing" He advocated for Pension funds to make sure that business is being properly managed, Business Audits to track performance and its management against a strategic plans and a specific objective, he discourages the use of fiscal state to redistribute income which he calls "a pork barrel state with its legalized looting of the common wealth". The schools must commit itself to results, he offers. He encourages the trio of trans-nationalism, regionalism and tribalism. (This "trio" will create a new polity, a new and complex political structure and one without precedent.⁷

The New Manager

Recognized as the founder of management, Drucker believes greatly in the far reaching role of management in society. Management will increasingly extend beyond business enterprises, where it originated...*as an attempt to organize the production of things.*

Now the emphasis has changed to the management of society's knowledge resource.⁷

He emphasized management's importance as a social institutions is equally important in establishing the manager's claim to legitimacy and power. He asserts that the traditional method of management has become grossly inadequate in today's world.

Conclusive Thoughts

Peter Drucker's overarching view that the world economy will continue to be highly turbulent and highly competitive, prone to abrupt shifts holds and remains an evergreen truth in today's troubled world. A world in search of solutions to an increasing levels; of inequality, stagnating wages, and a hollowing out of decent middle income jobs.

Drucker offers a way out in ensuring that all of society's citizens have a stake in its prosperity. His view on the shift in the role of management to manage the new, complex and unprecedented polity rings true. He sees a new social polity born to satisfy social needs and to restore citizenship and community. There is no ignoring the aspirational tone. Drucker deeply wants to see a Greater society, better attuned to the needs of knowledge – and its managers.

Making knowledge productive becomes the responsibility of management. All we have to do is to listen to him as he calls out to us that “community must become commitments”.⁸ According to Drucker, *economic growth can only come from a very sharp and continuing increase in the productivity of knowledge and knowledge workers. Management today is to make the service economy far more productive again, using the new electronic armoury.*

References

¹ P.F Drucker, *Managing Oneself* (Boston: Harvard Business Review, 1999)

² P. F Drucker, *The End of Economic Man* (New York: John Day, 1939)

³ L.H Summers and Ed Balls, *Report of the Commission on Inclusive Prosperity* (USA:

Center for American Progress, 2015)

⁴ P. F Drucker, *The Future That Has Already Happened* (Boston: Harvard Business Review, 1999)

⁵ P.F Drucker, *The Age of Discontinuity* (New York: Harper & Row, 1969)

⁶ P.F Drucker, *Managing the Non Profit Organization* (New York: Routledge, 1990)

⁷ P.F Drucker, *Managing for the Future* (New York: Butterworth, 1992)

⁸ P.F Drucker, *Post Capitalist Society* (New York: Harper & Row, 1995)