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People & Strategy

**SPECIAL PREVIEW:
THE DRUCKER CENTENNIAL
PERSPECTIVES FROM
DRUCKER SCHOLARS ACROSS
THE GLOBE**

People & Strategy

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Now in its third decade of service, the Society is a vital force in addressing and providing current perspectives on complex and challenging human resource and business issues. HRPS is a non-profit organization representing a mix of leading-edge thinkers and practitioners in business, industry, consulting and academia around the world.

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- Offers a broad range of comprehensive publications and professional development programs with distinguished human resource scholars, practitioners and business leaders.
- Builds networks of diverse individuals to exchange leading-edge HR ideas, information and experiences.

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In this special issue, *People & Strategy* has partnered with the International Peter Drucker Society and The Drucker Institute to celebrate the centennial of Peter Drucker's birth. Drucker is the 20th century's most prominent management thinker and one of its great social philosophers. We invited Drucker's disciples from around the world to contribute their personal reflections on Drucker's influence in the development of their countries' approach to studying management and their management cultures.

Richard Straub, President of the Peter Drucker Society of Austria, leads the discussion by focusing on the impact of Drucker's Viennese roots on the evolution of his thinking. Following Straub, the conversation broadens its geography to Europe, Japan, China and India. Drucker's global citizenship comes across strongly in the essay by Thomas Sattleberger, CHRO of Deutsche Telecom, who

emphasizes Drucker's continuing relevance as a humanist. Danica Purg, president of IEDC-Bled School of Management, focuses on Drucker's aesthetics, his heightened awareness that management is an art form rather than a science. We conclude with an essay on Drucker's influence in the United States, contributed by Rick Wartzman, the executive director of The Drucker Institute at Claremont Graduate University.

For many of our readers, this selection of essays will provide a fresh insight into Drucker's sustaining contributions to global management thinking. For others, the historical perspective will be particularly interesting. We invite all of you to reflect with our wonderful contributors on the importance of Peter Drucker's legacy for 21st-century management.



The Drucker Centennial

Perspectives from Drucker Scholars Across the Globe

A World Citizen of Austrian Origin: The Rediscovery of the European Roots of the Father of Modern Management

Richard Straub, *Peter Drucker Society of Austria*

November 19, 2009, marks the 100th anniversary of the birth in Vienna of the world-renowned thinker on management and society, Peter F. Drucker. Although Drucker spent the greater part of his life in the United States, his youth in Austria and his experiences in Germany and England strongly influenced his world view. He grew

up in a home that served as a salon of sorts for the cultural and intellectual elite of the Danube Monarchy—hence his early acquaintance with eminent figures such as Joseph Schumpeter, Sigmund Freud, Othmar Spann and Friedrich von Hayek.

His origin in a cultural and intellectual hotbed left deep marks on Peter Drucker. We do not realize today that when we discuss the need for global mindsets, cosmopolitan attitudes, valuing cultural differences, multilingualism, a global business orientation and transdisciplinary thinking, it was all there at the beginning of the 20th century, in a world that another famous Viennese writer, Stefan Zweig (1881-1942), called “Yesterday’s World.” The Austro-Hungarian Empire crumbled in a cataclysmic tremor ultimately leading into

the horrors of the Nazi regime. Its best and brightest were pushed into a global diaspora, impoverishing “old Europe” and bringing a wealth of inspiration and intellectual treasures to their new home countries.

Having been a witness of the ascent of totalitarian fascist and communist regimes in Europe, Drucker's intellectual journey became focused on the idea of a workable society based on freedom—where citizens are provided a meaningful existence, i.e., status and function, with an ethical foundation of mutual responsibility by the individual and his or her society. As the underlying economic theory, he adopted the thinking of a fellow Austrian, Joseph Schumpeter. He thought that Schumpeter had produced the only “effective contemporary theory of capitalism,”

which is centered on private initiative and where the enterprising manager is both the justification and motivating power of the system.

It is via this route that Drucker discovered management as the “life-giving force of modern capitalism.” He concluded that in a pluralistic society of specialized institutions, management’s task is to make organizations perform, beginning with the business enterprise, for the community and for the individual alike. Management “organizes human beings for joint performance and

Drucker’s holistic and ecology-based approach brought him into marked contrast with the academic establishment. The latter tried to define management as a “science” while he saw management in its many dimensions and facets (and in particular in its fundamental social role) as a “Liberal Art.” Management “deals with action and application, and its test is its results,” Drucker wrote. “This makes it a technology. But management also deals with people, their values, their growth and development—and this makes it a humanity...Management is thus what tradition used to call a ‘liberal art:’

his voice against the excesses and misdirected behaviors in financial engineering that ultimately destroyed long-term value. His voice was heard, given his fame and reputation at the time as the “father of modern management,” but he was not listened to.

Peter Drucker’s centenary provides us with a unique opportunity: to start listening to him again and remind ourselves what the true responsibility of management is as a role within society. Certainly, it is not serving the short-term interests of financial markets or other parochial stakeholders. Europe, like other continents, needs Peter Drucker’s thinking to build a sustainable and functioning society. Europe, though, also has the privilege of calling Drucker a “great son.”

Consequently, the contribution of management is a fundamental contribution to a functioning society and not just to the individual institution it serves.

Richard Straub is president of the Peter Drucker Society of Austria.

should make their strength effective and their weaknesses irrelevant.” Thus, management is the most important “organ” of our modern society—a role deeply embedded in the reality of our social existence as human beings. Consequently, the contribution of management is a fundamental contribution to a functioning society and not just to the individual institution it serves. It is clear that thinking about management from this perspective and understanding the consequences leads to different conclusions than those we have seen emerging during the last 20 years.

John Micklethwait, the editor-in-chief of *The Economist*, said in a BBC interview that Drucker was not only a great management thinker but he was one of the greatest thinkers of the 20th Century, given the sharpness of his mind and the breadth of his intellectual curiosity. With his inquiry into society and management, he takes a very European approach, rooted in a humanities-based general education and an open mind that made him a relentless lifelong learner in the best sense of the term.

‘liberal’ because it deals with the fundamentals of knowledge, self-knowledge, wisdom, and leadership; ‘art’ because it is practice and application.”

Warren Bennis and James O’Toole observed in their May 2005 *Harvard Business Review* article, “How Business Schools Lost their Way,” that the schools suffer from “an over-emphasis on rigor and an underemphasis on relevance. Business schools have forgotten that they are a professional school.”

As a European and Austrian, I feel strongly that Peter Drucker has been denied the recognition that he deserves on the European continent. This is in stark contrast to the reception Drucker has experienced in Japan.

In the United States his earlier books, like the *Concept of the Corporation* and *The Practice of Management*, had enormous influence on the way large U.S. corporations organized and developed their management methods. However, in the 1970s and 1980s his influence on actual practice started to wane. He raised

Peter Drucker’s Early Works—Austria and Germany: The Foundations of His Weltanschauung

Guido Stein, IESE Business School

Peter Ferdinand Drucker, Viennese, was born in 1909 to a cultured family that fostered both his literary vocation and his restless intellect. He combined law studies in Hamburg and Frankfurt with a job in an export company, and later as a journalist with the *Frankfurter General Anzeiger*. His doctoral thesis in law dealt with the so-called forms of quasi-government (*quasi-Regierungen*) such as revolutionary governments, governments in exile or colonies in the process of becoming independent.

His first book was a study of Friedrich Julius Stahl, a mid-19th-century legal philosopher, and an outstanding political traditionalist and parliamentarian, in Berlin and Erfurt. Entitled *Friedrich Julius Stahl, Political*

Conservationist and His Historical Evolution, the book was published in 1933 by the prestigious German publisher J.C.B. Mohr und Siebeck of Tübingen.

Why should Peter Drucker, at the age of 34, have chosen to write about an unknown author who was practically ignored by German historians of political thought? Berthold Freyberg, a personal friend, provided a probable explanation for such a choice. Drucker's penchant for the innovative and creative syntheses of things, otherwise deemed incompatible, would seem to account for his intellectual fascination with the figure of Stahl, who could be described as the personification of paradox, notorious for his seemingly irreconcilable points of view.

Stahl, Jewish by birth, became the spokesman for Protestant political orthodoxy. Of Bavarian background, he worked earnestly for the Prussian crown. A committed conservative, he resisted absolutism in favor of constitutional monarchy. In short, he was a person difficult to categorize, like Drucker himself. It might well be ventured that there did exist a personal affinity that influenced Drucker's choosing Stahl, which shows quite tangibly that Drucker adopted a certain conservative frame of mind during those years that, along with his inveterate tendency toward iconoclasm, accompanied him throughout his life.

In his reflections on Stahl, Drucker goes on to describe a lively, dynamic conservatism (*lebendiger Konservatismus*) in which history is viewed as a succession of contingent events and behaviors; that is, events and behaviors that might have never occurred, and always under the watchful care of Divine Providence (*Die Augen Gottes*). This confers upon such events and behaviors a specific dignity. (Later, he would see this tendency combined and emphasized in his readings of Burke, de Tocqueville, Bertrand de Jouvenelle, Calhoun, in *The Federalist Papers*, and in North American history and politics.)

Drucker saw this Jewish thinker not as a portent of characteristic features that would shape future political and social reality, but

as one who examined the discontinuity facing the present; someone who was not asking the question "What will the future be like?" but rather, "What can we learn about today in order to build the future?" Like Bergson, he preferred to "draw out tendencies rather than to prophesize about what will happen." This was Drucker's approach to the profound cultural changes (discontinuities) that, because often hidden, cannot easily be perceived on the horizon, accustomed as we are to our expectation of continuity. [See, for example, Drucker's books *Landmarks of Tomorrow* (1957), *The Age of Discontinuity* (1969) or *The New Realities* (1989).]

This was Drucker's approach to the profound cultural changes (discontinuities) that, because often hidden, cannot easily be perceived on the horizon, accustomed as we are to our expectation of continuity.

After publishing his study of Stahl, Drucker left Germany and established himself in London, where he worked for a financial firm and attended classes given by John Maynard Keynes. In 1937, he moved to the United States to serve as a correspondent for several English and Scottish newspapers, and as an assessor for various British financial institutions. Some years later he was to become a professor and consultant, activities he would alternate with his work as a writer, and that would continue right to the end, making him the most influential management philosopher to date.

Guido Stein is assistant professor of Managing People in Organizations at the IESE Business School in Spain.

Is Peter Drucker Still Relevant Today?

Thomas Sattelberger, Deutsche Telekom AG Board of Management

Who listens today in continental Europe when Tom Peters, Ken Blanchard and/or Noel Tichy are mentioned – all of them celebrated management luminaries of the last 25 years? Instead, the superlatives pile up when a conversation ends with the name of Peter F. Drucker. He was assured the top spot in the global ranking of business leaders as recently as 2001 and again in 2003. Three

years after his death, and in his centenary year, we wonder what is left of Peter Drucker. To put it another way: Is Peter Drucker—is his thinking—still relevant today? To answer this question I first set out the main features of Drucker's way of thinking. Second, I present Drucker's insights in detail and apply these findings to the present day. Finally, draw some conclusions post-Drucker.

What characterizes Drucker's way of thinking?

Peter Drucker tried to understand the world in all its complexity. Together with most other Austrian thinkers of his time, he shared an aversion to oversimplified explanations without reference to the highest system: society. However, Drucker's thinking is driven by an overwhelming desire to extract universal guidelines from practical experience. Reading

his work carefully, one is struck by three characteristic features of his way of thinking:

1. Drucker analyzed things from a bird's-eye view of society. Therefore, the starting point for any thought or action is society and community. His yardstick for "management" was always its effect on the common good.
2. The Drucker method combines fundamental skills and knowledge into a highly predictive analytical tool. His motto was, "Learn from practice for practice." Grounding his work on inner independence, deep historical knowledge and common sense, he minimized the academic success but maximized its practical relevance.

He proposed that organizations are effective because "each is autonomous and specialized, informed only by its own narrow mission and vision."

3. Insight is nothing without clear language and easily understandable presentation. As such, he wrapped his findings up in common-sense principles, understandable to everyone.

What insights did Drucker gain?

Going right back to Drucker's great works (*Concept of the Corporation* (1946); *The New Society: the Anatomy of Industrial Order* (1950); and, above all, *The Practice of Management* (1954)), we can identify three central insights.

First and foremost, Drucker elevates the pluralism of organizations into their defining feature. He proposed that organizations are effective because "each is autonomous and specialized, informed only by its own narrow mission and vision." The crux is that all earlier pluralist societies destroyed themselves because no one took care of the common

good, as Drucker states. Due to advanced specialization, the common good is increasingly lost from sight and the foundations of society start to crumble. Drucker has a ready answer: "If our modern pluralist society is to escape the same fate, the leaders of all institutions will have to learn to be leaders beyond the walls."

Companies are social organizations in the sense that their fate is inexorably linked to that of society. Drucker's resulting maxim leaves no room for misunderstanding: "Value and service first, profit later." What turns the company into a social and political system is its most valuable resource and therefore the focus of management: its people. Therefore, "every enterprise is a learning and teaching institution," and "training and development

must be built into it on all levels." Following Drucker, what really counts for a company are its goals and values. If an organization is not goal oriented, it simply confuses its employees.

Drucker defined management as a social function enabling people to achieve their best performance. For him, the main problem of management was crystal clear: Many people fail to see that companies are a "social phenomenon," in which a very small number of decisions are behind 90 percent of all results. As such, Drucker appeals: "Always ask yourself if you are doing the right thing before doing things right." And the right things in management are mostly connected with developing people. For Drucker, the social function of management goes hand-in-hand with the question of legitimate power. To be legitimate, management must become a true profession like medicine.

What guidelines does Drucker give us to shape today and tomorrow?

Today's world is marked by the worst economic crisis in 80 years. Alongside the real economy, its moral foundations are in a deep crisis of legitimacy. In 2009, Drucker's original concerns are more topical and cutting-edge than anyone could have imagined.

According to Drucker, the most important lesson from the failure of socialism is the collapse of belief in an all-encompassing, all-powerful state. Unfortunately, the moral failure of management has cleared the way for its return. For us, the most important lesson from history should be that all social organizations are essentially fallible and none should stand above the others. Instead of creating a new state monstrosity, we should reinforce the relationship between the community and the company as a social organization.

Although Drucker was principally an advocate of "the market" as an instrument of control, he retained "serious reservations" about capitalism, which adores the economy itself as "the be-all and end-all of life." If we are to take from Drucker only one guiding principle it is that we should overcome the limitations of the pure capitalist world view and turn our attention to the major questions of society:

- Which value system should form the base of our society?
- What should the relationship between the individual and society look like?
- How are responsibilities divided among state, business and civil society?

Ultimately, the only way for us as managers to reconnect with society is to face the moral allegations in public and ground our actions on a solid moral basis. Whereas doctors take a professional oath and sit rigid public examinations, any charlatan is free to call himself a "manager."

Inversely, management's moral yardstick must be its own Hippocratic Oath, which

Drucker defines as: “Above all, not knowingly to do any social harm.” We now must regain our voice, saying two things: First, there is no doubt about our profession’s moral standards. Second, we will speak out against any violation of our professional standards, whoever is responsible. Finally, to turn management into a true profession, we also must radically rethink our entry, promotion and recognition policies.

Until the economic crisis, the Anglo-Saxon MBA was the main route into management. Spin-offs of Harvard and its like have exported their model worldwide according to the mantra “one size fits all.” Exaggerating the case, one could say that traditional, lemming-like MBAs often are hotbeds of soulless, purely economic learning. Neither are they better in terms of content: functional silos remain intact; students are not taught systematic, interdisciplinary thinking; leadership is reduced to hero-worship.

Instead, management education must return to its European roots, meaning that training puts the evolution of the self back ahead of social masquerading. Questioning the existence of any certainty is essential for character building. Thus, the main pillars of Drucker’s method must stand at the center of reformed management education: unbounded thinking, moral resolution, inner independence and a sound knowledge of history.

Is Peter Drucker still relevant today? In my opinion, the answer has to be “yes.” Today’s answers may be different, but the central questions are still the same. Moreover, most of Drucker’s principles cut to the core of all being and, therefore, are timeless. That goes for society, the economy and the individual as well.

Thomas Sattelberger is chief human resources officer, Deutsche Telekom AG Board of Management.

Peter Drucker’s Influence in Japan

Chuck Ueno, The Drucker Workshop (the Drucker Society of Japan)

There are a great number of Japanese company executives who devote themselves to the thought of Drucker as the person who invented management. The classic *The Practice of Management* sold 1 million copies in Japan, out of 5 million copies in the world. Drucker’s books are always listed as best-sellers.

After the war, many Japanese company executives were influenced by Drucker’s thoughts and his practical management, and

There were enormous numbers of people (Japanese statesmen, corporate executives and businessmen) who learned the main point of corporate management and the directionality of politics from Drucker’s writings.

these principles came into play in developing the postwar Japanese economy. Drucker wrote about his expectation that Japan would reach a turning point and develop into a new society. Drucker always looked at “new society” and was trying to ascertain the future of management. There were enormous numbers of people (Japanese statesmen, corporate executives and businessmen) who learned the main point of corporate management and the directionality of politics from Drucker’s writings.

Lucky Encounters

In June 1934, at 24 years of age, Drucker by chance encountered Japanese traditional painting at an art gallery in London and became captivated by this art form. This interest triggered Drucker’s attraction to Japanese culture and spurred his lifelong interest in Japan.

By the mid 1950s in Japan, the urgent demand caused by the postwar reconstruction after World War II was almost satisfied. This economic situation led to a growing interest in improved management techniques. The Japan Productivity Center (JPC), established in the spring of 1955, organized seminars, continuously dispatched overseas inspection teams and worked diligently to close the management gap between Japan and the United States relative to productivity improvement.

Taizo Ishizaka, Chairman of the Japan Business Federation, who visited various places in the United States as the head of the top management team dispatched by the JPC, wrote

this recommendation for *The Practice of Management* (1956, Japanese edition): “This book was provided for the executive suite of any company which I visited during an inspection trip.” This made a big ripple, and Drucker’s *The Practice of Management* suddenly was accepted in Japanese industry. Whereas before practitioners were having a difficult time with business administration, they finally recovered from their uncertainty and were prepared to move the country forward.

Visiting Japan

Drucker visited Japan for the first time in 1959. After that, he traveled to Japan every other year, staying for several weeks and bringing his family. These visits continued until 1996 when he was 86 years old.

After his first trip to Japan, Drucker said: “My Japan visit was undertaken with pleasure. ▶

I wanted to watch Japanese traditional painting to tell the truth.” However, after the first trip Drucker became passionate not only about Japanese traditional painting but about the country itself. Drucker met corporate executives who had vision and courage; and he was convinced of Japan’s potential. He discussed the implications of Japanese-style management for Westerners for the first time in the 1971 *Harvard Business Review* article, “What We Can Learn from Japanese Management.”

Drucker is one of three Americans whose concepts of management helped raise the Japanese economy after World War II, the others being William Edwards Deming and Joseph Moses Juran.

Contribution and Influence on Japan

Drucker wrote in the preface to the Japanese edition of *Innovation and Entrepreneurship* (1980), “Great time passed since I started minute observation for Japan. I visited Japan regularly for more than 25 years, and the most were considerably long-term stays. In both the economic world and the government, there are many extremely close friends... However, I did not work very much in Japan.” Drucker also said, “Corporate executives whom I got to know in Japan are my friends, not my clients. I don’t think I got any consulting charges from them.”

Drucker is one of three Americans whose concepts of management helped raise the Japanese economy after World War II, the others being William Edwards Deming (1900-1993) and Joseph Moses Juran (1904-2008). In June 1966, Drucker’s contributions to the modernization of Japanese industrial management and Japan-U.S. friendship were recognized, and the Japanese government conferred on him the Order of the Sacred Treasure (Zuihousho), an honor established on January 4, 1888, by Emperor Meiji of Japan as the Order of Meiji.

Diamond Inc., which translated many of Drucker’s books, has published 80 of his titles in Japan (including collections of his writings) since *Automation and the New Society* (1956). A total of 4 million copies have been sold by Diamond Inc. alone as of November 2005 (Memo, 14 Nov. 2005, Diamond, Inc.). This sales volume is possible for a literary book in our country, but for business books, even by a non-Japanese, we have never seen an equal to Drucker’s books. His popularity remains a deep-rooted factor in Japan.

In his book, *Management Challenges for the 21st Century* (1999), Drucker wrote: “I very much hope that Japan will find a solution that preserves the social stability, the community and the social harmony that lifetime employment provided, and yet

creates the mobility that knowledge work and knowledge workers must have. Far more is at stake than Japan’s own society and civic harmony. A Japanese solution would provide a model — “for in every country a functioning society does require cohesion.”

Chuck Ueno is director of The Drucker Workshop at the Drucker Society of Japan.

Peter Drucker’s Contribution to Indian Management Thought and Practice

Vaibhav Manek, KNAV and PRISM Center of Learning

Note: KNAV is an international accounting, tax and business advisory firm. The PRISM Center of Learning offers the Drucker Curriculum in the Indian subcontinent, in partnership with the Drucker Institute, Claremont Graduate University.

Among the scores of nations that have been influenced by Peter Drucker, India is a prominent one. Drucker is a name that invigorates many minds and businesses in India. In terms of his contribution to management studies, right from undergraduate courses on commerce and economics, to professional courses such as chartered accountancy, to management degree courses at India’s business schools, the work of Peter Drucker is widely read and acknowledged.

Most students in India’s colleges and universities studying various disciplines of

Most academicians, professors, researchers and doctoral students of management have read Drucker’s books and articles.

management, law, commerce, social sciences, organizational behavior and finance would have grown up having read Drucker. Likewise, most academicians, professors, researchers and doctoral students of management have read Drucker’s books and articles. Some have even acknowledged references to Drucker’s thoughts and ideas in their work, and have built upon his thoughts.

Drucker’s seminal work on “organization,” his thoughts on the concepts of “knowledge

worker” and “innovation and entrepreneurship,” and his work on the “effective executive” have found a tremendous following in India. Many corporations use Drucker’s thoughts in their training programs and imbue these thoughts in their executives’ work.

Infosys Technologies, one of India’s and the world’s most respected companies, is built on the foundations of ethical management and integrity in leadership, ideals that Peter Drucker stood for all his life. Says Kris Gopalakrishnan, CEO and co-founder of Infosys, “Drucker is an essential. Others have only picked up on his thoughts.”

Drucker in, *Landmarks of Tomorrow*, writes with reference to India:

“I am convinced of Gandhi’s lasting impact—unless indeed, Independent India collapses into anarchy, civil war, totalitarianism, or before a new conquest by a foreign invader. But it is unlikely that there will ever be an attempt to realize Gandhi’s society, that post-mortem dream that was to be more truly a fulfillment of the basic values of the West than any other Western country has ever been, and which yet was to rest on the non-Western foundations of India’s own spiritual heritage. That attempt—despite its nobility and popular appeal—has failed.”

It is important to note that Gandhi’s ideals have never been fully realized in India, although many institutions were founded on those principles. Today, it is the free market and the knowledge worker that are driving the economy, with full freedom for citizens to set up entrepreneurial ventures in an environment that fosters business.

Similarly, the thought that it is incongruity that ultimately leads to innovation and entrepreneurship can be found manifested in many of India’s current booming economic scenarios. As a prominent example, the Indian population of more than 1 billion, once considered a liability, is now considered a meaningful contributory asset—both in terms of gross domestic output and a large market, which no serious global corporation can

afford to ignore. This has led to large foreign direct investments and has unleashed a new breed of Indian entrepreneurs ready to conquer the world, which ultimately has resulted in more disposable income in the hands of the average Indian.

From mobile phones to Internet technology to consumer goods to high-end services, one can also see the luxury segment of high-end brands coexisting and thriving. Information technology application is an area where India has gained an undisputed global leadership position, with many corporations outsourcing their non-core business and knowledge processes to Indian BPOs and KPOs, and having their software written by sophisticated Indian companies.

Although he is gone, his works, his spirit and his thoughts will endure, making his life memorable to those who admired and learned from him.

In 2004, Peter Drucker in an interview in an issue of *Fortune* said:

“The medical school in New Delhi, All India Institute of Medical Sciences, is perhaps one of the best in the world. And the technical graduates of Indian Institute of Information Technology in Bangalore are as good as any in the world. Also India has 150 million people for whom English is the main language. So India is indeed becoming a knowledge centre.”

Drucker’s belief that we are driving towards an era of knowledge workers is amply proven in this part of the world.

Vaibhav Manek is the hon. vice president of the Drucker Society, Mumbai, India. He is also a partner in the KNAV, Mumbai Office and cofounder of PRISM Center of Learning.

A Thinker Beyond His Time

Shuming Zhao, School of Business, Nanjing University

After attending the Academy of Management Conference in Hawaii in August 2005, my wife and daughter accompanied me on a much-anticipated trip to Claremont Graduate University (CGU) to visit with Professor Peter Drucker. It turned out to be our last meeting as he passed away in November 2005. The news was difficult to accept. Just as his thoughts and ideas were always new and provocative, I imagined that Drucker would stay young forever. Seeing the collected works of Drucker on my bookshelf is comforting. Although he is gone, his works, his spirit and

his thoughts will endure, making his life memorable to those who admired and learned from him.

The First Meeting

My first encounter with Drucker was in the summer of 1981, when I was attending his lectures at CGU. At that time, very little was known about Drucker in China. China followed a highly centralized planned economic system and managerial model. Because there was little emphasis placed on the importance of learning management theory and practice, I chose linguistics and education as my graduate major, rather than management. I did not regret that choice until I returned to China to work at Nanjing University in 1983. By then, many aspects of life in China were changing. China had adopted an economic reform and opening-up policy. The changes became increasingly significant over time.

By 1984 China had embarked on a semi-commodity economy, which made me realize

the growing importance of management principles and practices. I became determined to study for a Ph.D. in management at CGU. My return to Claremont provided a number of learning opportunities to interact with Drucker and enhance my knowledge of management.

Although he was an accomplished well-known thinker and communicator, Drucker was human. In conversations with students, he would take the time to emphasize and explain points. To his students, Peter Drucker

Drucker's writing and consulting challenged managers to empower employees with a sense of accomplishment to make their jobs more effective and rewarding. Managers lead employees not only through knowledge, ability and skills but also through vision, encouragement, responsibility and integrity. Drucker explored the importance of individual humans to an organization, how to build harmonious relationships between individuals and organizations, and how to create organizations that build responsibility and self-management.

and at the same time balance between innovation and perpetuation.

Accurate and Profound Insight about China's Development

Visiting the last time in 2005, I had the occasion to talk with Drucker about China's economic reform and enterprise management. He agreed that China's economic reform and enterprise management have achieved substantial success. Drucker emphasized that management practice always precedes management theories. He recalled that in those years when he was learning the Japanese management experience, he traveled to Japan many times to understand the practice of management.

We discussed that technology and capital are merely tools for developing countries, which will produce sufficient effects only by the efficacy of competent managers. The core challenges facing China are to cultivate large numbers of effective managers who understand how to manage and how to lead. They must promote the development of enterprises, and also know how to motivate employees and reward their achievements. He emphasized that in today's China, and even all over the world, nothing is more important than this. Following this way of thinking, China should cultivate its own managers who are familiar with and understand the country and people, and also are deeply rooted in the Chinese culture, society and environment.

He suggests that we must understand and appreciate individual characteristics if we are to treat employees as human beings who contribute to the organization through their talent.

the legend became Peter Drucker the teacher. In him, you found a knowledgeable senior mentor who was effective at giving systematic guidance and support.

The Pioneer of Modern Human Resources Management

Drucker, as the founder of modern management, has contributed a significant body of work in the field of human resource management. His writings convey the basic theme of "human-centered" management systems (Drucker, 2005). "Human beings are the most important resource of enterprises" is his central point.

In his 1954 seminal book, *The Practice of Management*, Drucker emphasizes the unique value of human resources for their individual contributions to an organization. He suggests that we must understand and appreciate individual characteristics if we are to treat employees as human beings who contribute to the organization through their talent.

As a "social ecologist" Drucker has become known as a thinker who integrates the spirit of "the unity of knowledge and practice" (Drucker 2006). His perspective draws attention to the importance of analyzing changes from both social and historical perspectives. This approach allows one to appreciate the influence of management and predict the

The core challenges facing China are to cultivate large numbers of effective managers who understand how to manage and how to lead.

direction of change. Leaders look at change as opportunity, and seek to find suitable effective responses both inside and outside of organizations. Managers must know how to shape future policy, create transformation,

The change in China is dramatic. The change is not evolutionary change: It is revolutionary change. The development of Chinese production has evolved from "Made-in-China" to "Copy-in-China" to now "Innovate-in-China."

This evolution is totally supported by human talent. With the increasing penetration of a knowledge economy worldwide, the importance of human resource management has gradually emerged as a critical theme.

It is noteworthy that since the 1980s, scholars, managers and business leaders have come to appreciate the relevance of Drucker's management ideas in China. Evidence of his influence can be seen in the Drucker learning institutions that have been established in cities including Beijing, Shanghai, Nanjing and Xi'an. Simultaneously, a number of Chinese enterprises have gained great achievements through the application of modern management practices that are derived from Drucker. Zhang Ruimin of Haier Group of China illustrates one well-known example among others.

We honor Drucker's memory as a friend, mentor and teacher. Undoubtedly, he will be long remembered for his lasting unique contributions to the theory and practice of management—the founder of modern management.

Note: This article is excerpted from a longer article which is part of NSFC Research Project 70732002.

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Peter Drucker: More than a Management Thinker

Danica Purg, IEDC-Bled School of Management

Peter Drucker is perhaps the best example of a European who later in the United States became the most impressive management thinker of our times. In his personality the old and new times flowed together, and he has been as much a citizen of the world as an American. Without idealizing his youth in Austria, we can see that it certainly provided

His interest in art, and Japanese art in particular, can be seen as a spinoff of his admiration for Japanese management that inspired him to build a collection of Japanese art.

him the social, historical and cultural basis for development of his skills and talents. And as it counts the same for great artists, it is difficult to say what part of his extraordinary feeling for the "Zeitgeist," always including a view to the future, came from his talent of observation and understanding, or from his craftsmanship.

Being a lawyer by education, he increasingly believed that the main issues in business could not be resolved by legal or organizational solutions only. Increasingly, cultural, sociological and psychological analyses and associations filled his books. More and more he stressed the importance of self-knowledge and what he called the quality area of ethics.

Therefore, it has been a special but not a surprising experience that his home library has been filled with books about art. His interest in art, and Japanese art in particular, can be seen as a spinoff of his admiration for Japanese management that inspired him to build

a collection of Japanese art. But it has been certainly more than that. How otherwise can we understand that he was for several years the sole teacher on Japanese art in Pomona College? Art helped him to understand better the Japanese culture, and particularly the business culture.

He saw also here – as everywhere else – the parallels. He defined Japanese paintings as "copying to perfection" and "creative imitation," and so he saw the Japanese industrial and managerial approach. His obsession with quality had a relation to art

as well. He describes in one of his books how he attended a 1929 performance of Verdi's *Falstaff* at the Hamburg Opera. He was so much impressed by the composition that he wanted to carry out his own life's work in the spirit of Verdi, who once said: "All my life as a musician I have striven for perfection. It has always eluded me. I surely have an obligation to make one more try."

Willingly or unwillingly, Peter Drucker has inspired me not only to integrate ethics in management education at IEDC Bled School of Management, but also to develop the topic of "Art and Leadership" to enrich leadership development with lessons from art as a tool for reflection on organization, on oneself and on the meaning of life in general.

Professor Danica Purg is president of IEDC-Bled School of Management, Slovenia.

Managing Yourself

Bob Buford, *The Drucker Institute*

As Peter Drucker understood so well, we have a problem—a big problem, a 30-year problem.

At the beginning of the last century, life expectancy was around 50 years. If you are 50 years old today, you are in the period I've dubbed "halftime." It's a feeling of "Been there. Done that. Now what?" You now can reasonably expect to live 30 more productive years.

Much of this special issue of *People & Strategy* is focused on how Peter Drucker's deep knowledge of the globe has helped to make his teachings relevant to an amazing mix of countries and cultures. But Drucker, of course, was focused on generations as well as geography, on people as well as places.

Managing oneself, however, is far easier said than done. As Drucker warned: "We are totally unprepared for it. Up until around 1900, even in the most highly developed countries, the overwhelming majority of people simply followed their father's footsteps—if they were lucky."

And toward the end of his own long life—one that saw him wear the multiple hats of university professor, management consultant and writer—he began to explore how untraditional, serial careers were creating a quandary for the many who had expected lifelong stability.

"In a few hundred years," Drucker declared, "when the history of our time is written from a long-term perspective, I think it very probable that the most important event those historians will remember is not technology, not the Internet, not e-commerce—but the

unprecedented change in the human condition. For the first time—and I mean that literally—substantial and rapidly growing numbers of people have choices. For the first time, they will have to *manage themselves*."

Managing oneself, however, is far easier said than done. As Drucker warned: "We are totally unprepared for it. Up until around 1900, even in the most highly developed countries, the overwhelming majority of people simply followed their father's footsteps—if they were lucky. If your father was a peasant farmer, you were a peasant farmer. If he was a craftsman, you were a craftsman. There was no such thing as upward mobility. Now, suddenly, a very large number of people choose what they want to be. And what's more, they will have more than one career. The average working life span is now close to 60 years. In 1900, it was 20."

Ready or not, we live in an age of self-determination. But with this marvelous opportunity has come tremendous anxiety. I can say with certainty, based on hundreds of conversations and e-mails about midlife issues that I have received, that most people don't know what to do with the second half of their lives.

"A pier is nothing other than a frustrated bridge," Shimon Peres has said, capturing this predicament both precisely and poetically. "It is connected to one shore only and does not have another shore to attach itself to."

We have a lot of "frustrated bridges"—professionally as well as personally. What's more, our angst has been exacerbated by a period of almost indescribable financial insecurity.

Among Drucker's greatest strengths was his ability to "look out the window and see what's visible but not yet seen." His contribution was to ask the right questions at the right time. In his last book, *Management: Revised* (with Joe Maciariello), Drucker wrote the following:

Knowledge workers . . . face drastically new demands:

- They have to ask, "Who am I? What are my strengths? How do I work?"
- They have to ask, "Where do I belong?"
- They have to ask, "What is my contribution?"

Can any of us afford not to be wrestling with the answers?

Bob Buford is the chairman of the Board of Advisors at the Drucker Institute.

Peter Drucker, American

Rick Wartzman

Peter Drucker's core philosophy—that effectively managed, ethically led organizations are the key to a healthy society—was forged in Europe. It was there that the Vienna native devoured the works of Wilhelm von Humboldt, Joseph von Radowitz and Friedrich Julius Stahl. It was there that he was exposed to the economic theories of Joseph Schumpeter and John Maynard Keynes. And it was there, most significantly, that he witnessed the rise of Fascism.

Yet it was in the United States, where Drucker arrived in 1937, that his philosophy has been tested to the fullest—for better and for worse. ➤

Although he retained a thick Austrian accent throughout his long life, Drucker became an American through and through. He was a keen observer of the national scene, leading some to liken him to a latter-day de Tocqueville. He loved baseball (and even advised the Cleveland Indians for a season). The White House sought his counsel.

But it was through his landmark books on how organizations should function, including 1946's *Concept of the Corporation* and 1954's *The Practice of Management*, that Drucker truly shaped his adopted home, helping to usher in what historian Alfred Chandler has called "the Golden Age of business" in America.

Specifically, Drucker's ideas and ideals led countless executives in the decades after World War II to try to balance the needs of shareholders, employees and the community at large. And his principles helped create a work environment that provided dignity and a sense of fulfillment for millions of people.

When Jim Collins and his coauthor Jerry Porras dug into the backgrounds of "visionary companies" such as General Electric, Johnson & Johnson, Procter & Gamble, Hewlett-Packard, Merck and Motorola, they found Drucker's "intellectual fingerprints" everywhere: "David Packard's notes and speeches from the foundation years at HP so mirrored Drucker's writings," Collins has remarked, "that I conjured an image of Packard giving management sermons with a classic Drucker text in hand. When we finished our research, Jerry and I struggled to name our book, rejecting more than 100 titles. Finally in frustration I blurted, 'Why don't we just name it *Drucker Was Right*, and we're done!'" (They eventually instead settled on *Built to Last*.)

Over time, however, Drucker would not only see his wisdom embraced; he would also watch it being woefully ignored.

By the 1980s, Drucker had grown tired of the naked greed exhibited by U.S. corporate leaders. (Partly as a result, he increasingly turned his attention to the work of non-

Specifically, Drucker's ideas and ideals led countless executives in the decades after World War II to try to balance the needs of shareholders, employees and the community at large. And his principles helped create a work environment that provided dignity and a sense of fulfillment for millions of people.

profits.) He likened those on Wall Street to "Balkan peasants stealing each other's sheep." He spoke out against the obscene amounts of pay being pulled in by CEOs—a peculiarly American phenomenon.

Few top executives, Drucker said, can fathom "the hatred, contempt and fury that has been created" because of their king-sized compensation. "I don't know what form it will take, but the envy developing from their enormous wealth will cause trouble." He thought that pocketing millions while passing out pink slips was, in particular, "morally unforgivable."

Given his level of outrage, one can only imagine what Drucker would have made of the latest economic crisis, an extraordinarily costly mess triggered by everything he decried: an emphasis on short-term gains over long-term stewardship; the substitution of cleverness for genuine innovation; a widespread failure to heed the first responsibility of every professional: "Above all, do no harm."

Surely, Drucker would be angered and deeply saddened by what has transpired during the last year or so. But we can also assume that Drucker would not have given up completely on American business. Deep down, after all, Drucker's thinking always had "a hopeful cast," in the words of his biographer, Jack Beatty.

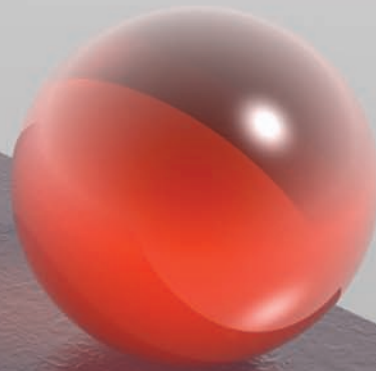
After the publication of *Post-Capitalist Society* in 1993, Drucker was asked by an interviewer whether he believed his books

had been properly understood. "I would hope that American managers—indeed, managers worldwide—continue to appreciate what I have been saying almost from day one: that management is so much more than exercising rank and privilege, that it is about so much more than 'making deals,'" he replied. "Management affects people and their lives."

Can there be any doubt that America needs Drucker now more than ever?

Rick Wartzman is the executive director of the Drucker Institute.

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