

THE HUMANISTIC PARADIGM IN MANAGEMENT



Veronika Denisova, Executive Director of the Organizing Committee of International Productivity Week 2020, has become the personality of the fifth issue of Business Excellence magazine, which is published in Russia by the renowned publishing house Standards and Quality.

On the new management paradigm in transition to the fourth industrial revolution, as well as how effectively was change management implemented in the Czech Republic amid the coronavirus crisis. Veronika Denisova, Director of the International Productivity Academy (Czech Republic), Executive Director of the International Productivity Week 2020.

What is required in terms of rethinking the role and place of a person in transition to post-industrial society?

I would like to address what the fourth industrial revolution represents in terms of technological advancements. First and foremost it's a concept, according to which technology brings the physical and virtual worlds together, combining physical, digital and biological systems into cyber-physical systems. So then, what does Industry 4.0 represent in terms of production systems? It is customer satisfaction, while increasing the production efficiency by reducing the human factor and automating the basic administrative tasks. This is exactly where cyber-physical systems come into play. It is a common misconception that the fourth industrial revolution will lead to layoffs. But, according to a study by Boston Consulting Group, the layoffs in production and manufacturing will be more than compensated by jobs that will be created in IT and data processing. In my opinion, the coronavirus pandemic has already demonstrated this tendency: there

was a tangible lack of IT specialists.

But, I do believe that the introduction of new technologies will not change the production culture, as the transformation to Industry 4.0 is directly connected to the management paradigm. The existing traditional management paradigm is based on a rigid division of labour and duties, control and punishment. The pandemic has shown us that the traditional management paradigm is obsolete, and what we need is flexibility and adaptability, especially in times of revolutionary changes that are happening within the society and affect every single person. The new humanistic paradigm in management that's based on human capital falls into place. Human capital is the aggregation of professional qualities, skills, knowledge and motivation. Companies with a proactive corporate culture, flexible and motivated personnel have adapted to the coronavirus crisis very quickly. Undoubtedly, the health crisis we are facing today is a

huge challenge. Nonetheless, it also presents an opportunity for the companies to perform SWOT-analysis of their management paradigm, see how they perform in times of a crisis and draw the necessary conclusions. I am sure that most of the conclusions will be related to the staff competencies, motivation and organizational flexibility rather than the technical support.

Working from home is the reality right now. How should companies go back to normal? Most of the European countries are slowly returning to pre-confinement state, but it does seem that the consequences of the pandemic will linger for the next few years.

In my opinion, there are 3 main factors that every manager has to keep in mind. First, business processes. No matter what industry you are in, whether your company has suffered losses or made a profit during the last few months, it is only the beginning. It is very important to estimate how stable your business is in the

face of global challenges based on this very recent experience. Second come worldwide experiences and practices. Given the number of conferences and summits being held online these days, it has never been more accessible to get acquainted with different industry trends and practices. The International Productivity week will take place in digital format this year as well. Seize these opportunities, use this time to learn. And finally, people and safety. Most of us are experiencing severe deprivation of ways to satisfy our basic social and psychophysiological needs. For some, it is expressed in heightened irritability, even aggression, while others react to it with apathy. It is clear that both of these coping mechanisms are precarious, especially when it comes to working in hazardous working conditions, leave alone the social aspect of it. We need to make the transition back to work as smooth as possible, putting an emphasis on safety precautions. **Czech Republic was one of the few European countries that managed to handle the coronavirus crisis quite well. In your opinion, what was the factor that played a role here? Was it the Czech mentality, making right decisions at the right time, healthcare system advances?**

If you ask an average citizen, they will probably criticize each one of the factors, but will smugly admit that yes, the health crisis is more or less under control here. Me and my colleagues were watching the situation unfold very closely, speculating about what kind of results will traditional change management, implemented by the government, bring. There are 7 basic principles of change management that were in fact, the foundation for the anti-epidemiological action program in Czech Republic. First principle is to estimate the need for change. In the 9 days between patient zero and announcing the state of emergency, the government analysed and estimated the

potential developments and scenarios, healthcare resources and hospitals capacities. Second is to create a clear vision of the future. Thirdly, it is important to have real results and achievements at the early stages of the change process. As the majority of other countries, we faced a lack of PPE and confinement regulations. These issues were tackled very early on and the results were broadcasted on mass media, reassuring people that the situation is under control. Fourthly, keep the people informed, it prevents panic. The fifth principle is to build a strong, committed to change coalition, including top management and people in authority positions, that are deemed trustworthy among the nation. Sixth – break it down into phases. And finally, principle seven is to remember that people do not resist their own ideas. In Czech Republic, medical students have organized volunteering groups to help the elderly and immunocompromised, people started making their own masks and distributing them to those in need, a slogan appeared on many symbolic buildings that read “We will overcome this together”, which made people feel united and respectful of the lockdown rules. **Is that why you chose the main theme of the International Productivity Week 2020 to be “Change management in time of Industry 4.0”?**

The international Productivity Week 2019 has shown us that change management is the most difficult hurdle on the path to increasing productivity, whether it's a world market leader, like Nornickel or Liberty House Group, or a small local business. Determining the strategy and tactics of change management and then implementing them on production sites, building a team that is committed to change and inspire them to excel - that is the formula for increasing productivity and economic efficiency of the company,

achieving high quality of life and harmonic development of human potential, which we at the International Productivity Academy, think is the basis for a progressive and prosperous society.