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THE CONCEPT OF THE HOLISTIC MANAGEMENT AS A NEW APPROACH IN THE THEORY OF MANAGEMENT

Abstract: The types of objects scientifically researched and the types of sciences used for research. The crisis of contemporary science. Classical and holistic management. The knowledge pillar of management, the application pillar of management, social pillar of management. Holistic intelligence (HQ), knowledge intelligence (KQ), application intelligence (AQ), social intelligence (SQ). Holistic management and its role in solving the contemporary problems of mankind.

Keywords: Objects of science; Types of sciences; Crisis of contemporary science; Classical management; Holistic management; Holistic intelligence; Knowledge intelligence; Application intelligence; Social intelligence

Introduction

Modern science has achieved results that make it possible to call mankind a single technical and technological civilization. However the paradox is that the results of natural and technical science are being misused. Some specialists affirm that the science as whole is in crisis¹. It has not succeeded in fulfilling its purpose, which was and is:

To make human life easier and simpler, and
give it sense by means of a unifying explanation.

In spite of all its success we still often encounter the objection that the most basic human questions have not been answered, and some of the most important problems have not been solved. These include:

- The sense and object of life,
- Human essence and how to achieve it,
- Priority of values, ethical and moral,
- Right or justice in the distribution of production,
- Management and organizations of society
- And others.

It seems that the number of unsolved problems grows, while the willingness and ability of people to manage them is disappearing. These are problems connected with the climate change, overpopulation, overproduction, pollution, plundering of nature, globalization, etc. Any of all these may cause a crisis in the system (culture, civilisation) which is unable to cope with the problems (environment, relationships) it has established.

¹ Copernicus, Is the Euro-American Civilization in Crisis? *Hospodárske noviny*, 10.-12. 3. 2000, page 2.

1. Science and its objects of investigation

Science is developing in the world wide context. Nowadays, it is not important where the new knowledge makers or defenders of certain opinion work, what is more important is what knowledge do they formulate and how they prove its veracity (correctness).

Science is a system of knowledge regarding the objects surrounding us in nature (on the Earth) and in the Universe. The formation of the system of knowledge about objects and also, in its own way, the development of science is very useful and is also an exciting human activity. It is not enough to simply perceive objects surrounding us, but necessary to investigate them in a comprehensive way to classify (i.e. to distinguish, sort) them, to understand them and their interactions and to use this knowledge for mankind's benefit.

Such knowledge and arguments are considered to be scientific in that they generally have a permanent validity and can be used in practice. It is essential that both formulated knowledge and its underpinning argumentation be permanently valid, verified and confirmed. However, this is usually not particularly difficult and need not take a long time.

Science gathers knowledge about various objects, and classifies and diversifies it by the properties and nature of these objects. The objective of such a classification procedure should be to use such knowledge for the benefit of an individual, a group of people, and all mankind. There are various approaches to the classification of objects for the purpose of knowing them, e.g.:

- Mineral objects.
- Vegetal objects, (i.e. flora).
- Animal objects, (i.e. fauna).
- Social objects.

An alternative classification is based on differing forms of movement that occur in objects and classify these objects into mechanical, physical, chemical, cosmological, biological and social (psychological, sociological, economical, political, philosophical, etc.) divisions. The classification of objects is linked to the classification of sciences. The establishment of such sciences is linked to the above namely, mechanics, physics, chemistry, cosmology, biology, psychology, sociology, economy, philosophy, political sciences, etc.

One of the simplest classification systems of objects is structured into:

- Inanimate natural objects – information about them creates the technical sciences,
- Animate natural objects – information about them creates the natural sciences,
- Social objects – information about them creates the social sciences.

The classification of the social objects:

- hunting society
- agrarian society
- industrialist society
- information society
- knowledge society
- future? human citizen society?

There have been several approaches and methods in respect to the creation of knowledge about objects in history. Strong opinions have been held regarding which perception of the objects was more realistic: i.e. sensual perception or rational perception. Plato for example, held the objects we perceive with our mind are much more real than the ones perceived with our senses. **The current approach to science leans heavily upon the sequence based on observation (perception) of objects (problems), the expression of hypotheses, and the verification thereof through experiments.**

Whether researcher or scientist, anyone having the intention to assemble knowledge observes, studies the object (problem) and, on the basis of how it is perceived, he or she forms hypotheses, the validity of which must be verified by experiments. The verified and confirmed hypothesis becomes knowledge. **The system of verified, comprehensive knowledge of the essence and properties of the object is called theory and consequently, the studied object is expressed as a whole.**

The verifiability, i.e., the ability to replicate knowledge by independent researchers, is the criterion for the truthfulness of theory. It is both desirable and necessary for hypotheses, knowledge, and theories to be open to repeated investigation and evaluation. The formulation of knowledge for the needs of verification requires it to be submitted in an understandable way, uncomplicated, explained in natural language, and using terms that are understandable for investigators in the relevant area of the theory.

Scientists discriminate carefully between speculation (the meaning of this word in science is different from that in common life), hypothesis, indicia, and both indirect and direct evidence.

The theory must be built on the largest possible number of direct observations. Creativity, originality, and rich fantasy are welcome; however, these must be accompanied with equally good conditions for the verification of hypotheses, affirmations, and formulated knowledge.

2. Where goes the science?

Several scientists, especially in the social sciences, assume that science is in crisis. They predicate that science has not clarified its principles, origin of axioms (which are employed by science, but are not proved by it) and also because science as a cultural entity (civilization) and culture-constituting phenomenon, loses in the number of its specializations its original uniformity, and therefore also the possibility of a unifying interpretation. There as on is that science as a whole forgets about its original purpose. For example, two specialist disciplines, economics and ecology, although speaking about the same objects, seldom concur.

By means of objectivity, ideals, and specialization, science renounced in advance the ambition to interpret the universe as a whole, in which man, mankind, history but also techniques have their place, it means also sense and foundation. Our civilization stands and falls with science. The idea of progress, often seen through the self-redemption of techniques, and through profit, and the transfer of this way of thinking into all areas of life, largely characterizes contemporary consumption civilization.

During the history of composite action, the scientific approach of man reached the stage when this interaction is investigated as two consecutive phases, **cognitive phase**, and **phase of use**. In the today's world, greater attention has been focused on the cognitive phase, where by not all knowledge is used in favour of sustainable development. However, in general it is possible to say that, since the first contact of man with objects there exists knowledge orientated to the use of knowledge about objects.

Much knowledge has been used in favour of society only partially or not at all. The question emerges: Why? The reason is simple. It did not always reach the subjects who could influence their use. Man had the power and the use of knowledge which could disturb his dominating position. It did not interest him that the use of knowledge could be useful for the whole, for the country, community, or organization.

The issues of sustainable development signal an effort to find a way to solve the problem of effective use of particular parts of scientific knowledge. But, it seems that this is not so clear and simple.

Eudovit Romancik expresses this well: "The complexity of work of people consists in the fact that all new events and processes, but also known events and processes appearing in a new, higher stratification can be mastered only with significant effort. It is as if the complexity of nature and society intentionally hides its secrets from man still deeper in the sea of the unknown. This relationship between the man and problems is strengthened by the fact that man already has significant knowledge and he uses it in his favour, even if not all the time in a way to maintain the symbiosis of this planet. Human society uses the individual's partial knowledge immediately, hoping to improve its existence and ability to survive. Opposite to the individual and the sporadic use of partial knowledge there is a dam holding unknown areas of nature and society. This is where the negative effects in the use of knowledge originate from, and man feels the pressure of progress consisting of the fact that the more partial knowledge society uses, the more significantly disturbs the ecology of its existence. The future development of mankind would appear to be quite depressing when we see the negative effects of the use of science in certain quarters of society, for example, in respect to politicians and warfare.

Man subconsciously feels the burden of his future development and continuously looks for approaches, principles and methods of control of complexities in the intentions of accumulated knowledge. The indicated problems spiral and move man, as observer of this course of events, from one place to another, from problem to problem, as if the accumulated knowledge wanted to prove its objective power in relation to man's subjective endeavour.²

The complexes being the objects of cognition are very complicated. Many objects that need to be known and managed as the complex have in the same time the character of inanimate objects (this part is investigated by technical sciences), animated objects (this part being investigated by the natural sciences) and social objects (investigated by social sciences). According to the specifics of the objects' investigation, the technical, natural and social sciences are oriented on partial events which cause the creation of individual partial sciences. However, it requires the interconnection of individual partial sciences in order to encompass several aspects of the whole object.

² Romancik, E., *Mechanism of the Functioning of Economical Units*, book manuscript, Bratislava, 1982.

Biochemistry, for example, originates from the connection of two separate sciences physics and chemistry. The connection of two and more partial sciences creates a hybrid, or interdisciplinary science; for instance, cybernetics.

Multidisciplinary science originates from the connection of many partial sciences. **Management is such a science.** The opinions of scientists in such multidisciplinary sciences are complex and rarely unified. Therefore the science itself becomes an object of investigation. Scientists are now trying to create a science about science about the system, scheme or model of science itself. This process is incontinuous development.

The socially responsible behaviour and long-term sustainable development of economical units (companies) is also greatly influenced by non-business units or organizations among which are public organizations, state organisations-schools, hospitals, cultural facilities, ministries, municipalities, towns, and regional organizations called institutions or authorities, etc. The cognition and use of knowledge about them represents the subject matter of the independent partial sciences that emerge. These organizations can be managed on business principles, but also as non-profit organisations or civic associations. In the fulfilment of their mission, they can manage either the public or state means, or so a combination with business. The diversity of the missions of such organizations creates major difficulties in the creation of knowledge about these units.

In a simplified way, we can say that the **knowledge about the mission and basis of economical units is contained in a science called Economics.** The use of this knowledge is connected with the questions what and for whom to produce, which products to produce, and how to produce them. We can say in a simplified way that the knowledge about the first question is contained in marketing, about second in economics and the third part in **management.** The knowledge of the marketing, economics and management sciences are also used in non-business organizations.

It flows from the above that the sense, objective or **mission of science is not only to know the objects-to form the system of knowledge about objects that turn through knowledge into the complexes of individual sciences, but to use the acquired knowledge in favour of the long-term sustainable development of human society.** And it is the very use of this knowledge in favour of the further development of human society on earth and in the universe, not in favour of an individual man, that **the object of the science called management** should be orientated toward in its further formulation and development. **Management as science is well connected with the use of knowledge of various sciences in favour of the development of man, groups of people, and the whole of human society.**

3. The object and subjects of holistic management

The definition of the object of any partial science within the system of sciences has an extraordinary meaning for the formation and development of its knowledge and especially for the use there of in concrete practice. This statement also refers to its management. Even if it should seem at first that the knowledge in terms of the management of social groups is formed by people and used by these people for the development of these groups, and thus management is one of the social sciences, in reality management is **a multidisciplinary science.** This results from the fact that both the formation and use of management knowledge are greatly influenced by the knowledge from the technical and natural sciences. At the

beginning of its development, cybernetics, defined by Norbert Wiener as science about control and reporting within living organisms and machines, was considered to be an interdisciplinary science. His work, *Cybernetics and Society*, shows evidence of the expansion of cybernetics to the area of social units. Arising from this, Cybernetics and the use of its knowledge for the development of management objects, provides management with the character of multidisciplinary science. **This is the current view on management.** It results from the natural, technical, and social sciences participation in the formulation of management knowledge, which may then be used in the area of unanimous, animated and social units.

The basic term in management is term control. The content of this term was for the first defined by the French H. Fayol by means of other terms, so-called control functions, among which he included: anticipation, planning, organizing, ordering, control and coordination. Up-to-now, many specialists consider term control, or control functions, to be the basis of the management. However, the problem is that they cannot reach agreement on the number and identity of control functions. (These issues will be addressed later in a subchapter on control functions.) Currently, four control functions largely defined by American authors are generally recognized: planning, organizing, management, and control. In our opinion, the content of control is hidden in control functions and therefore they deserve special attention.

The current overview associated with the formulation of management matter shows that the terms "control" and "management" are not identical. The term management involves a wider range of knowledge than the term control. Furthermore, management knowledge is formed and used in a much wider context than only for economic units or organizations. The term organization is the **most general term used for denominating a whole.** Any whole consists of parts-group of people, teams, departments, divisions, plants, etc. The individual parts within the whole consist of the elements, which may be individuals (e.g., the owner, co-owner, top manager, middle level manager, supervisor, etc.) or employee (e.g., a personnel clerk, production worker, marketing worker, economist or financial officer, planner, foreman, worker). These examples of the parts and elements in the organization are characteristic primarily but not exclusively of economic units. Figure 1 presents Model of the Elements and Parts of the Unit in Organizational Management.

Units such as schools, hospitals, institutions and bodies of state and public management, local, regional and state institutions and bodies, multi-national institutions and bodies, non-profit organizations, civic associations, etc., are also treated as organizations.

The knowledge of general management formed (or created) on systematic principles and applied to units of any nature (entrepreneurial and non-entrepreneurial, public, legal, or non-profit organizations) is the basis for **holistic management theory, or more simply, holistic management.**

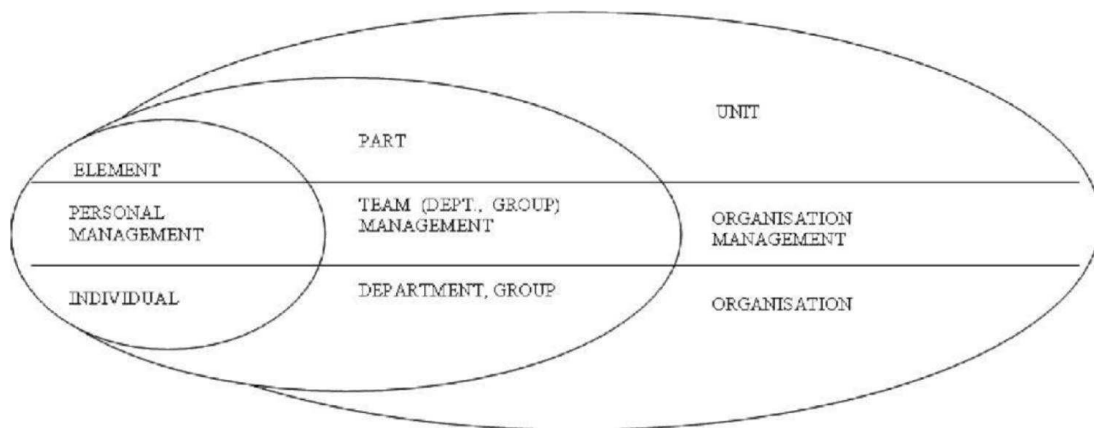


Figure 2. Model of the Elements and Parts of the Unit in Organizational Management

At this point in time, holistic management is only in its infancy. However, its use has already brought indisputable benefits. The systems approach to general management enables the integrated (i.e., holistic) view of management. This consists of the formulation of the **holistic management object as being as a comprehensive, integrated, and complex system of knowledge about the properties, skills and attainments of management subjects**. Step by step, we will investigate, explain, and interpret this general definition of the object of holistic management, in order to use its knowledge to secure the sustainable development of man on Earth and in the Universe.

The definition of the object of every partial science in terms of the natural, technical and social sciences, as well as of every inter- or multi-disciplinary science like, has an extraordinary importance for the use there of in practice by means of the preparation of people for its implementation.

Natural interest in management as science should be to clarify what there in provides for the capability of a man to hold a certain appointment, execute certain work, whether individually, or in a team or organization. Management should answer the question of what requirements are put on competence³ - the capabilities of management subjects. As we have already mentioned, **the management subject generally is the individual, team leader or top manager of the organization**. Every individual manages his/her working tasks and personal life. On top of this, the team leader leads the team members and manages their tasks. The top manager of the organization, in addition to the management of his tasks and personal life, leads the team leaders, manages their tasks and the tasks of the whole organization.

In specific units (organizations), for instance, in companies, the management subjects are: owners, top managers, department managers (bodies, groups, teams), employees; at the university: chancellors, vice-principals, desk leaders, teachers, students, but also the managers at the rector's office, deans' office, managers (leaders, chairmen) of academic and scientific bodies and committees; in civic associations: the chairmen and members of supervisory bodies and association members. In the

³ In the following section, we go on to describe the meaning of the term competence in detail. Here, we will only stress that it is necessary to distinguish thoroughly between the terms "competence/s" and "competency/-ies". The meaning of the term competencies clarifies what obligations and authorities the individual, group of people (team) or organization (institute, body) has. These competencies can be delegated. Competence cannot be delegated. It can be only acquired through education, and/or the training of skills. This shows that if somebody has **competences**, they need not necessarily carry them out competently.

listing of the management subjects it would be possible to continue with other organizations, institutions and bodies in political parties, the state sphere, on a regional level in public authorities, in multinational companies and bodies, but also in hospitals, cultural facilities, sport clubs, etc.

At the formation of knowledge and the development of theory the current management accentuated and in the majority of cases still accentuates **the professional (knowledge) and skills (i.e. practical, application) requirements of the management subject**. The sustainable development, efficiency, quality of work and products of work of any organization depend more and more on socialization of an individual, whether he/she is an employee, team leader or leader of an organization or body. **By the socialization is meant the level of his/her personal qualities, his/her social maturity-the level or degree on which his social competence is based.**

In current management practice, the level of social capability or socialization of the individual is accentuated especially in business companies (organizations), namely by the owners, managers and employees. The knowledge is theoretically developed and forms little or none of the requirements for the competence of the management subjects in political parties and bodies, state and public government and self-government bodies, as well as in other organizations, especially in public institutions. Unfortunately this demonstrates that the science regarding general management, as management is currently being developed, is in respect of the above moving in the direction of crisis. This is evidence by the public manifestations of uncivilized and immoral fighting of the politicians and certain political parties for power on the local, regional, but also national and global levels.

Using the systematic approach⁵

, we may summarize the general management theories and knowledge presented so far:

- In addition to professional knowledge and practical skills, there is a new management pillar consisting of the social maturity of management subjects proving their personal qualities.
- Consider every individual, every man to be a subject of management. Every man through being a member of certain group has a possibility himself to manage his work, tasks, and personal life. This means that he can plan what does he want to do; organize how he wants to live; realize the fulfilment of his plans; and assess the level of his plans and fulfilment thereof.

The above described postulates (paradigms) enable us to define the object of holistic management.

The object of holistic (and through it also general) management is the system of knowledge (theories) about the requirements of competence of management subjects, this being individuals, groups of people and managements of organizations, whereby this knowledge system consists of the requirements on their:

- General and professional knowledge,
- Practical and application skills,
- Personal and human qualities.

Part of the object of management is also knowledge-base about the roots, origin, development, present and future of management, the preparation of people for managerial competence, and the assessment of managerial capability of management subjects.

The knowledge of holistic management is about three types of requirements, but also about the preparation and evaluation of the competence of management subjects has, as we will describe below, general validity for the individual, team, or management of organization. On the basis of this we distinguish:

- PersonalManagement,
- TeamManagement
- Managementoftheorganization.

The validity of knowledge of holistic management can be used also for organizations, carrying out different processes and having different missions:

- Management of culture, management of schools, management of health care (branch types of management),
- Production management, financial management, personnel management, information management, (management types according to the activities carried out in organizations).
- Strategic, operative management (time point of view of classification).
- International management, regional management, local management (space point of view classification).

4. The essence of the competence of management subjects

At the beginning of this section in which we intend to structure in more detail the knowledge gathered from three distinguished pillars of competence of management subjects, we reiterate the definition of the object of management. **The object of holistic management is the system of knowledge about the requirements of the capability of management subjects in their:**

- Professional ability – attainments – what they know,
- Practical skills – the ability to apply the attainments – what they can do,
- Social maturity – personal qualities – how they shall be,

A part of the theory of holistic management is also knowledge about its roots or origins: development, both present and future of management; about the preparation of people for managerial competence; and the evaluation of their capability.

The management subject acts as a unit (whole) (See Fig.2) and the result (success, quality, effectiveness, sustainable development of the unit) of this acting depends on the competence level, this means on:

- Social maturity,
- Professional efficiency,
- And practical skills.

Of the ones subject to actions on the unit level, in parts (team leaders), but also on the level of managerial capability of individuals (employees) being the object of managerial actions.

Prior to describing the qualities, attainments and skills the competent management subject shall dispose with, we will explain, **what shall be understood under competence**. We have already said that **competence is the capability to discharge a certain position**. In a wider meaning of the word it is the **capability to**

perform the position in a person's working, personal and also social life. It means the ability to be a top manager of an organization, team leader, but also a minister, dean, doctor, teacher, mayor, etc. And also to be a capable father, mother, daughter, son, grandfather, grandmother, friend, etc.

In general management theory, the term "competence" is less traditional; in fact, a quite new term⁴. As already mentioned, the better known term is "competencies," by which we understand the obligations, authorities, responsibilities of workers (employees, managers) to carry out certain works, tasks. Because competence – capability to perform certain position – is a new term, and many positions, not only working ones, are performed in competently by people without capability to perform them, we will pay greater attention to the definition of competence.

The following seven points shall help to guide our understanding and characterization of the term competence:

1. French author L. Paguay⁵ understands competence as the system of declarative procedural and conditional knowledge organized into procedural rules (operative scheme) enabling one to distinguish (identify) and solve problems.
2. **The competence of a management subject is given (determined) by the extent of his ability to apply, concurrently, and holistically, human attitudes** (social maturity), **professional knowledge** (theoretical attainments), and **practical usefulness** (acquired experience and skills) **for the identification and solving of problems**
3. The above determination and study of the literature dedicated to competence demonstrates that the capability of the man is prevalingly his individual dimension, which is exclusively the "personal affair" of the management subjects, i.e., of each of us. The reason is that every man disposes with so called tacit knowledge (knowledge that characterizes only him, his makeup and it cannot be shared with anybody else). Also the knowledge acquisition process – education with the objective of achieving the relevant necessary competence level (it means education, study and training processes) are specific to each of us.
4. The term capability has its origin in the activities of people connected with the world of work, and the level and quality of its execution. However, it applies today also to capability in either personal or social life.
5. The capability of management subjects can, and has to be, evaluated. Great attention is paid to the evaluation of managerial competence in the theory of management. It is the effort of professionals to express the level of managerial competence of individual subjects, where the major attentions is paid to the evaluation of their IQ level and skills, so called application intelligence by which we evaluate the ability to use the attainments (AQ). Our effort is to evaluate the holistic manager competence (intelligence), which also includes also the evaluation of personal qualities originating from

⁴ The difference between the word and term consists in the expression of unique and general properties. If the word is used to denominate the unique and individual subject, activity, function, etc., it remains a word. Any word becomes a term if it is used to denominate the higher quantity of similar subjects, activities, or functions as if they were equal.

⁵ Paguay L., Transmettre des connaissances ou développer des compétences? Du faux dilemme à de vraies priorités! Louvain-la-Neuve: Université Catholique de Louvain, 1995.

the emotional qualities of the man. It means that holistic intelligence is expressed as **CQ=IQ,AQ,EQ**.

6. An independent chapter will be dedicated to the evaluation of the measure of managerial competence, principles, and methods of assessment. Here, we will state that the determination appears in the professional literature of:
 - Basic competence rate,
 - Higher competence rate and,
 - Developed competence rate.
7. The requirements come up to the level of complex organizations with complicated structures but also the parts there of, in the **professionalizing of the manager profession**. This means that this profession should be carried out exclusively by persons who have received a relevant certificate based on the assessment. It is expected that holistic management theory will elaborate the managerial skills expected from managers on individual level. The need for the manager profession is not a question of fashion at all. Competence can be measured not only by the manager qualifications, holistic intelligence, and results achieved.

5. The classification of the knowledge of individual competence pillars

The purpose of this subchapter is to distinguish and structure (order) the components of individual dimensions (pillars) of competence. As we have already mentioned, the **competence pillars are:**

- **Knowledge of the social maturity of management subjects,**
- **Knowledge of the professional ability of management subjects,**
- **Knowledge of the application skills of management subjects.**

We published the above determination for the first time in the second half of the 1990s, and this classification proved useful of investigation and education⁶. Step by-step we published the classification in both the first and second editions of Holistic Management as the results of our research carried out in practice with our students from all three levels of daily and external studies, as well as with students of MBA programs and participants of training of further education known under the name "Economy for all – Marketing, Economy, Management". We can state today that it is necessary to retain this classification for further research and education.

The **Social Maturity Pillar**, based on the personal qualities of management subjects is **composed of:**

- Knowledge of character qualities,
- Knowledge of creative and discrimination qualities,
- Knowledge of temperament qualities,
- Knowledge of somatic qualities.

Simply structured, it is the knowledge of:

- character,
- discrimination and creativity.
- temperament, and...
- somatic.

⁶ Porvazník, J., Dimensions of Competence in Management Learning texts for students and participants of management training, Bratislava: CDV EU, 1998.

The **pillar of practical skills** based on the application and abilities acquired by practice of the management is created by:

- knowledge of communication abilities,
- knowledge of motivation abilities,
- knowledge of the capability to work in team and skills of team building,
- knowledge of personal management (self and time management).

Again, put simply, this is the knowledge of:

- communication,
- motivation,
- teamwork,
- self and time control.

The **professional efficiency pillar** based on the attainments (or knowledge) of the management subjects consists of:

- knowledge of methodology and system thinking,
- knowledge of controlled units (objects),
- knowledge of functions of control,
- knowledge of information for the control.

Simply expressed, it is required from the management subject to have the necessary attainments (knowledge) about the findings of system thinking, object of control, functions, and information of control.

The didactic procedure of the introduction of individual pillars is based on their current weight and importance for the practice of management use. By the sequence as they were historically formed or created, it would be appropriate to mention them in an alternative order. We will clarify these facts more in detail in the subchapter on the present and future of management. The discrimination and structure of the competence pillars can be expressed by the model – figure 2.

Social Maturity

- . CHARACTER QUALITIES
- . PERCEPTION AND CREATIVE QUALITIES
- QUALITIES OF TEMPERAMENT
- . SOMATIC QUALITIES

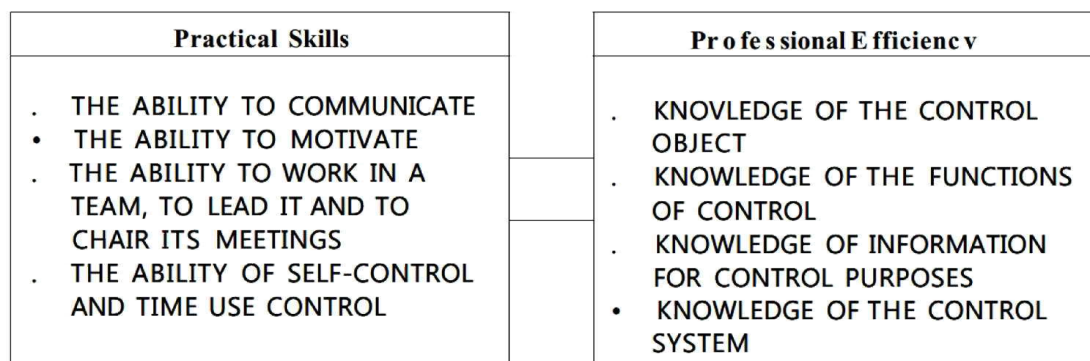


Figure 3. Model of discrimination (structure) of competence pillars

6. Manifestations and consequences of the exercise of holistic managerial competence in organizational practice

At the beginning of management science in the 20th century, two pillars were emphasized: professional efficiency and practical skills. The new century emphasizes social maturity as the most important competence pillar for management subjects (owners, managers, employees) in economic units. The question emerges, why is it so?

The organization (firm, company, corporation), as monetary expression of the value of the property of shareholders (it is being started also from such definitions today) does not conform to the needs of a future democratic society any longer and it does not show where its real power lies. The power is located in all of workers of an organization and in the rate of their competence. The power of the organization is in addition to the owners, and is created above all by the competent managers and employees working in it. The idea that even in the new millennium these people will be owned by shareholders is simply immoral⁷.

It is dangerous to maintain the obsolete legal concept according to which the company belongs exclusively to its owners or shareholders. It would be wise to adapt the laws to this state of things and to enable the employees to speak about their own destiny. After the experience with the takeover of Arcelor by the company Mittal, governments must solve this gap in legislation, because no society can afford to leave the economical system going towards indifference in respect of the satisfaction and certainty of employees⁸.

The classical, still persisting **perception** takes management as **activity** (process, position) in which the **managers have the dominant position**. The quality and effectiveness of the behavior of the organization depends on their competence rate. The above classical perception of management that assumes the dominant position of the managers is obsolete and insufficient for the new cognitive society. Managerial competence is not the privileges only of managers. Both owners¹⁰ and employees must be competent from a manager's point of view. In the current conditions of democracy, freedom and respect for the individual, it is not possible to say that only managers control. Control is not only about the process of setting tasks. The perception is much wider. **The key to success** (i.e., long term survival in a turbulent, competitive environment) **will not be the exercised working position** (and, within it, the working functions marketing, strategy, logistic, etc.), **but the rate of competence to create day-by-day new or added value**. To be a competent owner, an employee will have the same importance for the organization as a competent manager.

The newly created value for the organization and through it also for the municipality, region, state, depends on the rate of the competence to create such value. Whatever working position the employee of the organization will be on, the more competent he will be, the more useful he will be for the organization. Already today and even more in the future, the competence is not given by the function alone. **Capability or competence shall be understood as readiness of the management subject to control and manage his or her own work and work of the others so that it results in real added value rate** (i.e. set the objectives, implement and evaluate them in a way to provide the success of the organization).

⁷ Handy, Ch., Harvard Business Review, 9/10-1997, pp.27.

⁸ Rocard, M., *Dangerous Omnipotentiality of Shareholders*, *Economical Review*, 20.7.2006, pp.6.

At the 30th International conference of the Association Management Centre Europe Association in April 1998, in Vienna, Andrew Crove, the general director of INTEL said: "Wherever you work, you are not an employee. You are working for only one employer – yourself -. Nobody is obliged to secure your professional career. You own it. The key to survival is to create another value every day⁹."

Every dimension of managerial competence has two counter-poles – two extremes, **one positive**, useful; the **other negative**, bringing no benefit to an organization or an individual. The positive, **favourable manifestation** of the managerial dimension of **practical skills is cleverness** (mastery). Its **negative, adverse manifestation is hap-handedness** (inability).

Professional efficiency as a manager dimension is, **in a positive meaning of the word, characterized as wisdom** (understanding, know-how) and **in the negative meaning of the word, characterized as ignorance** (stupidity, sophistry).

The positive aspect of social maturity as the most characteristic dimension of the new millennium is **wisdom** (capability to live also for others); the **negative is egoism**.

From the characteristics of the three dimensions outlined above it is possible to derive a unique equation (transformation) of the philosophy of positive and negative competence in management.

| | |
|---------------------------------------|----------------|
| WISDOM – SANITY – CLEVERNESS | ^ GOOD |
| EGOISM – IGNORANCE – UNABILITY | ^ WRONG |

The meaning of human existence should have only one direction. It should be focused on good, truth, harmony, beauty, trust, humaneness, streaming of man to live and sacrifice also for others. Unfortunately, in the today's world, humaneness and wisdom are on the wane, and egoism (selfishness) predominates. Why is this so?

There are most probably many reasons for human inability to become mature, and for many people who are professionally efficient and practically skilled in the current development of the society. It can be caused by a wrong concept of policy, the culture of social life, a false understanding of the preparation of man for life and work, incorrect use of subconscious and instinctive personality components, and many other reasons.

Conclusion

Socrates considered the subconscious and instinct to be a critical and warning constituent of man, and the mind to be the source of progress and vitality. He taught that the right knowledge must be followed by right actions. But, is this really so?

Man can and should try to know the truth and good. However, he must be aware of the possibilities and limits of his actions. It does not mean that if he knows what wisdom, truth, knowledge is, he will also be able to act in the spirit of those. Many times he acts on impulse. In addition, it does not mean that knowledge, professed by an individual is the real, undoubted truth, binding for everybody.

Man himself becomes the biggest enemy of mankind. However, man can also be a chance for mankind. He can use this chance by preparing himself to be competent to control his work and his life. **Only those things make sense where one can create, where he, by means of his work and life, add new value to the**

⁹ Moderní Management, Nr. 7/98, pp.12

existing ones; in other words, what he has enough force, will and competence for. The world of work and the course of working processes, naturally personifies chaos and is managed by chance (incidentally). And this fact represents the natural resource of human productivity.

Man's spirituality, his wisdom, and in this sense also his life and work philosophy, is represented through, and is as endless as the universe, because man is a part of it. In the future millennium, the uniqueness, and both the simultaneity and temporality of life, should inspire in each owner, manager and employee the most exalted relationships to their collaborators. The awareness of the fact of annihilation of man in nature and man's short stay in this world should motivate him to such behaviour.

The ability to perceive, get to know and feel beauty and consequently also good should play an important role in the new millennium. This is especially due to the fact that beauty in the best meaning of the word cannot be bad, as good cannot be ugly.

The current development of mankind reassures us that there is no simple recipe against the devastation of the human soul. The question echoes from this, why in today's world, bad prevails over good. The answer is complicated, but its economical dimension consists in the non-democratic use of property and ownership relationships. And this is also the answer to the question why **management in the dimension of competence in the social maturity area is considered to be a philosophy.** It is known that people, in whatever working position they occupy, can be motivated to be competent either by personal interest or wider public interest.

All those holding the view that only the personal interest can motivate people to work competently are in general right that one who wants to survive must continuously care only about one self. Even, especially the practically oriented politicians affirm that "people are motivated by private interests and effort to gain power and riches¹⁰."

However, there are also other who are not motivated only by their personal interest but also by public affairs. **These people usually want to be part of something bigger than themselves.** Together with others, they want to contribute to the creation of something that would serve many people. Their needs far exceed their personal interest and they cover not only their own families but also communities, institutions, countries, and in certain cases, also the world. **Good is in a continuous fight with the bad, like wisdom with immaturity, sanity with ignorance, cleverness with inability.** Both good and bad are philosophical terms, the same as **management in the position of social maturity dimension is a philosophy.** The attainments enable management subjects to be professionally efficient; they are the theory. **In the dimension of professional efficiency, management is a science. But in the dimension of practical skills, management is an art.** The door is open wide in the new millennium to an increase in the competence of management. The predominance of good over bad can be achieved by the education of people. Today, democratic states give their citizens equal opportunities to study. Any healthy, normal man willing to be educated and being workable has the potential to achieve a certain degree of competence in control. The time will come when the division of people into rich and poor will become antiquated. And this time is already very close. The world of people will still be more and more divided into the educated and uneducated. Those with higher and specially developed managerial competences,

¹⁰ Senge, P., M., Fifth Management Discipline, Bratislava: Editorship Windows, 1955, pp. 300.

will be able to produce new values and earn a large remuneration anywhere on this planet. Others will become competitors to the most productive ones. The expected and today already existing facts should serve as motivation for all, especially for young people.

In practice, it means that everyone who demonstrates social maturity, is prepared by education to identify with it, appreciates professional efficiency, is willing to learn and study, respects practical skills, and is able to undergo demanding training in order to manage them can achieve higher and more developed managerial competence. The above demonstrates that social maturity can be achieved by education, professional efficiency by study, and practical skills by training. The determination of the listed education processes (education, study and training), by acquiring individual competence levels, is not uniquely determined. A holistic blending and complementary action by persons and education is required. The personality is learning and gets educated by training and vice-versa, and education increases the level of knowledge and abilities of one's personality.

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