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REDEFINING MANAGEMENT

THE MANAGER/LEADER—RELEVANT STAKEHOLDER PARADIGM

Ovidiu Nicolescu and Ciprian Nicolescu



Redefining Management

Redefining Management: The Manager/Leader–Relevant Stakeholder Paradigm presents a groundbreaking shift in management philosophy, theory, and practice, introducing the innovative concept of the manager/leader–relevant stakeholder.

This paradigm challenges the traditional manager–subordinate model and offers a holistic approach to organizational management and performance management theory and practice. Drawing on digital transformation, artificial intelligence, and intellectual capital, this book reshapes approaches, policies, decision-making processes and provides insights into organizational strategies, leadership, human resources management, and sustainable performance in the context of the new paradigm.

This book presents a revolutionary vision for management, offering practical strategies to navigate the complexities of the modern business landscape and foster sustainable growth. It assists academics, researchers, and students in updating their approaches and promoting sustainable development through innovative management practices and may equip professionals and practitioners with collaborative, creative, and flexible approaches to enhance organizational functionality and address societal challenges.

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The Manager/Leader-Relevant
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Ovidiu Nicolescu and Ciprian Nicolescu



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Preface

The content of this book is profound innovative, and truly revolutionary because it presents a new management vision, radically different from what currently exists, based on an original general management paradigm—manager/leader–relevant stakeholder—instead of the present general paradigm—manager–subordinate. This new vision transforms management philosophy, theory, and practice so that it considers the transitions to a knowledge- and digital-based society and the stakeholder era.

In this preface, we provide answers to several fundamental questions to which we consider that every scientific book should respond.

FUNDAMENTAL QUESTIONS

- I. WHY SHOULD THIS BOOK BE READ AND UTILIZED?
- II. WHO ARE THE MAIN TARGETS AND BENEFICIARIES OF THIS BOOK?
- III. WHY WILL THIS BOOK BE SUCCESSFUL?

I. Why should this book be read and utilized?

This book should be read, used, and valued by management professors, consultants, trainers, researchers, management philosophers, and entity managers and their teams because it presents a comprehensive set of valuable features.

1. It is a **unique book** because:

- It elaborates the aforementioned novel manager/leader–relevant stakeholder general management paradigm, which remodels all management philosophy, theory, and practice.
- It proposes a new vision for entity management, focused on digitalization, knowledge, relevant stakeholders, manager/leaders, and social responsibility based on the new general management paradigm.
- The new management vision and general management paradigm are based on several original concepts: management paradigm,

partial management paradigm, general management paradigm, relevant stakeholder, managerial synapse, and company–relevant stakeholder-based management system.

2. It is a **realistic book** because:

- It is based on the innovative management concepts, mechanisms, and best practices, including customer relationship management, supply chain management, corporate social responsibility, and distributed leadership, among others, that are part of many companies.
- It elaborates other innovative management concepts and mechanisms focused on relevant stakeholders and manager/leaders that are part of the reality of companies in the transition to the stakeholder era, a knowledge- and digital-based economy, other societal transformations, and grand societal challenges.

3. It is a **necessary book** because:

- Many top management professors, company managers, and managerial bodies (E. Freeman, G. Hamel, H. Joly, D. Kiron, C. D. Pringle, M. Reeves, Boston Consulting Group, Harvard University, and the World Economic Forum, among others) have asked for management to be reinvented, stating that currently, management science and practice cannot sufficiently reflect the new realities and evolutions because they are outdated.
- A significant portion of companies managed by professional managers face major difficulties because many of the present management concepts and approaches cannot generate performant solutions for entities in the new business and societal contexts.

4. It is an **opportune book** because:

- The major societal transformations—a transition to a knowledge- and digital-based economy and the stakeholder era—require a reinvention of management and provide necessary essential “raw materials” and tools, such as knowledge, intellectual capital, digital transformation, and relevant internal and external stakeholders.
- Within management theory and practice, numerous innovative managerial mechanisms have been developed, which make it necessary, possible, and opportune to elaborate the new management vision and general management paradigm.

5. It is a **prospective book** because:

- It considers the major societal transformations that are accelerating and intensifying.
- It provides superior premises and conditions to face grand societal challenges such as climate change, emergent artificial intelligence,

economic volatility and instability, massive social and environmental migration, and population aging, among others.

- It is in consensus with the megashifts of ecologization, nanotechnology, biotechnologization, intellectualization of activities, multiculturalization of the labor force, etc., in the process of amplification.

6. It is a **complex book** because:

- It involves the understanding, assimilation, and utilization of the new entity management vision, radically changed compared with the present vision, and of a new general management paradigm.
- It involves remodeling a large part of the present philosophical, theoretical, and pragmatic management approaches.
- It determines, directly and indirectly, deep transformations in all major management components—management vision, strategy, and policy; leadership; entity management system; decision-making processes; organizational structure; management information system; management methods and techniques; human resources management; organizational culture; and management performance—as well as their utilization in entity management.

7. It is a **concise book** because:

- Managers, management professors, consultants, trainers, and specialists are very busy and do not have a lot of time to invest in reading new books.
- Each year, hundreds of new management books are published, and a major selection criterion is the number of pages.
- In the present Internet age, most people, including those in the management field, have become unaccustomed to reading voluminous works.
- A concise book requires less time and effort to read, understand, and, implicitly, valorize its valuable items.

8. It is a **multidimensional book** because:

- Philosophically, it proposes several consistent elements in management epistemology, ontology, ethics, and aesthetics.
- Theoretically, it proposes a focus of the management science on the new manager/leader–relevant stakeholder paradigm.
- Pragmatically, it provides conceptual and methodological support for the implementation in entity management of the new and remodeled concepts, methods, and tools while concomitantly renouncing the use of approaches, methods, or tools that are no longer effective.

9. It is a **bold book** because:

- It elaborates and proposes to the millions of entity managers, management professors, consultants, trainers, and other specialists who deal with management practice, theory, and philosophy a new and very complex management type. Those understanding, deepening, and using require considerable time, effort, and resources.
- The acceptance and use of the new management vision and general management paradigm require the replacement of a large part of the management concepts, methods, and tools used in many companies and other types of entities. This shift will likely encounter great resistance and delays.

10. It is a **risky book** because:

- It proposes a very innovative management vision and a new general management paradigm that is radically different from the most widely accepted and practiced approaches, which may lead to initial distrust, hesitation, fear, and rejection.
- It is elaborated by two management professors from Romania who are not part of the management elite from Western countries, so their innovative management vision, concept, and approaches may not be received as willingly.

11. It is an **optimistic book** because:

- The entire approach of the management field and the way to argue for the innovative undertaking have a psychological basis of trust and faith that management philosophy, theory, and practice have the capacity to be reinvented and remodeled considering the present realities, major social transformations, and grand societal challenges similarly to other areas of science and practice (e.g., physics and medicine).
- The aforementioned book characteristics, which form a realistic and logical chain, are able to generate development and performance in management philosophy, theory, and practice because all innovative elements are based on the present realities in entities, businesses, and society. Moreover, this book considers the recent evolutions and trends and proposes a systemic variant of management reinvention that satisfies more effectively the main necessities of companies and society.

II. **Who are the main targets and beneficiaries of this book?**

There are two answers to this question:

- In general, all people who are interested in the management field and who are involved in entity management and want to develop

it to improve the performance of companies, businesses, and society are the targets.

- Especially, and immediately, the book will be beneficial to management professors, researchers, consultants, trainers, and top managers who are open minded and very innovative.

III. **Why will this book be successful?**

There are two answers to this question:

- Immediate and short-term success is doubtful because each year hundreds of management books are published and it is very difficult for a book to be read widely and considered immediately after its publication.
- Medium- and long-term success is certain because this book provides realistic, innovative, prospective, performant, and convincing management approaches that are needed by entities, businesses, and society. These approaches will be revealed and promoted through appropriate marketing.

This book presents innovative management items that should be able to contribute substantially to reinvent management philosophy, science, and practice. Ultimately, these changes will promote great multidimensional performance by companies and businesses and appropriate societal development.

1 Management Practice, Theory, and Philosophy

There are numerous and often very different definitions of management in the literature, starting with those provided by the founders of management science and scientific management practice, Henri Fayol and Frederick Taylor, at the beginning of the 20th century. According to [Fayol \(1979\)](#), “management is to forecast, to plan, to organize, to command, to coordinate and to control activities of others.” [Taylor \(1919\)](#) wrote that “management is the art of knowing what you want to do in the best and cheapest way.” We mention, by way of example, a few other definitions that have been formulated by renowned management specialists.

- Mary Parker Follett: Management is the art of getting things done through the efforts of others ([Follett, 1998](#)).
- Peter Drucker: Management is the multipurpose organ that manages a business, managers, workers, and work ([Drucker, 1954](#)).
- George Terry: Management is the distinct process consisting of activities’ planning, organizing, acting, and controlling, performed to determine and accomplish all objectives by the use of people and resources ([Terry, 1977](#)).
- Louis Allen: Management is what a manager does ([Allen, 1958](#)).
- Harold Koontz and Cyril O’Donnell: Management is the art of getting things done through and with people in formally organized groups ([Koontz & O’Donnell, 1959](#)).
- Harold Koontz, Heinz Weihrich, and Mark Cannice: Management is the process of designing and maintaining an environment in which individuals working together in groups efficiently accomplish selected aims ([Koontz et al., 2020](#)).
- Joseph Massie: Management is defined as the process by which a cooperative group directs action toward common goals ([Massie, 1987](#)).

Of course, one can cite many other definitions by renowned management specialists (e.g., [Longenecker & Pringle, 1981](#); [Reece & O’Grady,](#)

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1987) in which we find, almost entirely, the elements included in the above definitions, with specific accents and nuances. We do not wish to enter into a more or less contradictory analysis and debate these heterogeneous definitions, each of which includes certain valuable elements.

We begin with a principle statement: these definitions do not specify what kind of management they define. We recommended delimiting them from the point of view of the intended purpose and the content, considering **three types of management**:

- **Management as an activity**, as a practice that appeared with the establishment of the first human communities, in the primitive commune.
- **Management as a theory (science)**, which took shape at the beginning of the 20th century, when human society, economy, and science reached high levels of development.
- **Management as a philosophy**, outlined in the last three decades because both practice and management theory have matured, reaching high levels of development and performance, and philosophy has progressed substantially, addressing certain important societal fields as well as management.

Management as a practical activity aims to ensure and increase the functionality and performance of human entities and includes all the elements of a managerial nature through which these goals are achieved.

Management as a science aims to study managerial phenomena and provide the theoretical–methodological elements necessary for management practice to achieve its goals.

Management as a philosophy aims to decipher the inner springs of management science and practice, as well as the rationale, knowledge, and essential values on which they are based, and to outline the visions on which they are based and their significance in the area of management in terms of philosophy itself and at the level of human activities. We specify that management philosophy is in an early phase of development; some of its elements have been incorporated into management theory and science without being marked as philosophical.

The management approach from a triple perspective—pragmatic, theoretical, and philosophical—contributes, in our opinion, to the understanding of the essence of this field, its evolution and development, and to the design of innovative and high-performance solutions in accordance with the great and rapid societal transformations currently taking place or that are anticipated in the short, medium, and long term.

Management Practice

Within management practice, we can delimit empirical and scientific management practice.

Empirical Management Practice

Practically, **management activity in its embryonic forms appeared with the establishment of the first human collectivities, the primitive commune.** The matriarchy, later the clan or tribe, represented a form of social organization characterized by the specific elements of management related to the appointment of leaders; their tasks, competences, and responsibilities; the means used to lead; the ways of organizing the group; and the ways in which decisions are adopted in the community. Empirical management practice was outlined. The evolution of society also marked important changes in the content of management practice, starting with the goals pursued and the legitimacy of the manager's power; continuing with the establishment of leaders and the forms of organization, specifying the ways decisions are adopted and applied; and ending with the use of certain control elements.

In fact, the transition from one economic–social system to another corresponded not only to a higher qualitative level of productive activities, but also to management practice with significantly better structural and functional characteristics. It can be stated that the management activity has a millennial existence, during which it has recorded substantial progress, without which, the progress of human society would not have been possible (Nicolescu & Verboncu, 1994).

Thus, the germs of management processes conceived and carried out at the level of human groups (communities), constituted by kinship ties (family, ginta, clan, and tribe) appeared in the primitive commune. At the same time, the incipient forms of management activity at the level of rules and prescriptions crystallized. The most gifted people (the most skilled hunter, the most influential spiritual leader, the most capable warrior, etc.) were appointed as leaders. In this way, the correspondence between the hierarchy of values and formal leadership was largely ensured. This phenomenon involved the proliferation of both single-person leadership (clan chief, religious chief, warrior chief, etc.) and democratic forms of leadership, such as an assembly of the community and/or a council of elders.

From the management point of view, **the slave era** was characterized by the following:

- The appearance of the first forms of macrosocial management, reflecting the increase in the size of human collectives, the deepening of the social

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division of labor, and the development of production factors, among other changes. The main entity of macrosocial management is represented by the state.

- At the macrosocial management level, more complex and better specified elements of a structural–organizational, informational, and decision-making nature developed. Consider the organizational structure of the kingdom of Persia: at the provincial level, the main organizational subdivision, the attributions, responsibilities, and competencies of a manager were well defined and dimensioned.
- Progress was made on the decision-making level by substantiating decisions, a phenomenon that increasingly considering economic factors.
- The discovery of writing allowed the formalized development of information systems.
- The perpetuation of hereditary transmission of management positions deepened the chasm between the formal hierarchy of management and the hierarchy of values.
- A minimum of knowledge related to general culture and the field of management was ensured for future kings in royal families.
- Authoritarian management was amplified at the expense of democratic leadership.
- The motivational basis of management was diversified—from stimulation to sanctioning—including the use of force or the threat of force.
- The management control function developed (e.g., the body of inspectors called “the king’s ears” at the disposal of King Darius I of Persia to control the activity of the satraps, managers who ruled the provinces of the empire).
- Certain positions of specialized management collaborators were developed, such as scribes (for the Egyptian pharaohs).
- Certain theoretical elements of scientific management were crystallized, such as Solomon’s Book of Wisdom (Israel), Anouf’s Teachings to His Son Khate (Egypt), and Hammurabi’s Code (Babylon).
- Economic organizations (manufactures, corporations, joint-stock companies, etc.) and implicitly their management systems were diversified.

The feudal era continued to bring progress in terms of management, both theoretically and pragmatically. In this context, we mention:

- Entity management systems were diversified, bearing the imprint of the manager’s personality.
- Authoritarian leadership prevailed in all types of entities.
- Within the framework of structural–organizational systems, the general degree of hierarchy increased by multiplying the number of hierarchical levels.

- The appearance of paper and printing led to the development and diversification of the information system used by entity management.
- The motivational foundation was diversified against the background of the use increase of economic and extra-economic elements (e.g., connection of a peasant to the land) and the use of substantial moral motivations.
- The most important theoretical contributions were recorded in works such as: the *Book of Administration* and the *Treatise on Ceremonies*, written by Emperor Constantine VII of Byzantium; *The Virtuous City* (Al-Farabi); *Utopia* (Thomas Morus); and *Testament of the Father to His Son* (Ivan Pososhkov).

Empirical management practice was used during the entire feudal period. It was based on the tradition and customs of the collective and/or entity where it occurred, within which the personality, qualities, and managerial talent of those who led largely determined the constitutive and functional characteristics of entity management and the performance that was achieved. This type of management practice, with a long history, was the only way of manifesting management **until the crystallization of management science in capitalism.**

Scientific Management Practice

The transition to the capitalist economy and society has marked a comprehensive and spectacular leap in the field of management. Substantial and accelerated advances in technology, education, and science have been accompanied by similar developments in management practice. The number, variety, and potential of organizations, especially companies, increase at a very fast pace. To exist, function, and perform, they need competent management. As a result, management practice is developing at an accelerated pace at the company and state levels. Management has manifested itself as a field with major influence on the activities carried out and the results obtained at the level of all entities.

Starting with the second half of the 19th century, developed countries presented management practice with a pronounced specificity and scientific content, increasingly complex, dynamic, and performant. In this context, **at the beginning of the 20th century, management science took shape**, when the complexity and dynamism of the evolution of activities in all fields—and primarily the economic field—imposed as an objective necessity on management new bases. Science has evolved to provide the epistemological and methodological premises that are indispensable for the crystallization of management as a science.

Scientific management practice is based on the use of concepts, approaches, principles, strategies, systems, and methodologies provided by

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management theory and philosophy. Naturally, this type of management practice developed in the 20th century with the proliferation of management science. In recent decades, there has been a rapid amplification of scientific management practice, accompanied by an increase in its performance in the entities where it is exercised.

However, scientific management practice is not limited to a simple application of the elements made available by science. The complexity and diversity of management situations also require **creative input** from managers to adapt the scientific management tools and concepts to the concrete conditions of each situation. Within this process, the manager often adapts and develops the methods and techniques to achieve management innovation—sometimes even without being aware of it. It can be stated without any reluctance that a good manager is also always a creator in approaching and solving the problems of the managed field.

Another major characteristic of scientific management practice is **its diversity and heterogeneity** from the point of view of its content and means of manifestation compared with management science. A management principle or certain method is operationalized in entities in countless ways due to different technical, economic, scientific, and commercial conditions and differences between managers and executives in terms of training, experience, temperament, age, interests, and state of mind.

Regarding the diversity of the scientific practice, we consider it necessary to emphasize that the latest very innovative developments in management practice represent components of scientific practice and not a new type of practice as stated by some specialists. We refer to a very recent study by [Stark and Vanden Broeck \(2024\)](#): the authors do not consider collaborative management and algorithmic management to be part of scientific management practice (and they are perhaps even opposite to it).

Another peculiarity of scientific management practice is **its pronounced human character**, which results from the fact that it is fully manifested through people's decisions and actions. Indeed, its content precisely represents the modeling of their work and behaviors. Referring to this aspect, the well-known French specialist and publicist [Servan-Schreiber \(1967\)](#) wrote that “management is the art of arts because it involves directing the talent of others.”

Hence, scientific management is characterized by its **particular complexity and difficulty**. There are no two identical people. Moreover, a person changes to a certain extent the way he/she thinks, behaves, and acts over time as a result of: his/her experiences; his/her physiological, intellectual, and moral evolutions; changing working and living conditions; and changing national and international contexts.

Currently, **both empirical and scientific management practices are used simultaneously**. Against the backdrop of the amplification and

dissemination of knowledge provided by management theory and philosophy, the increase in the level of managerial training of numerous managers from all types of entities, the increase in the population's openness and receptivity to new knowledge, and the amplification of flexible and innovative attitudes and behaviors have led to a rapid and effective proliferation of scientific management practice. In parallel, however, numerous micro-, meso-, and macrosocial entities and empirical management predominate for many managers, albeit with a decreasing tendency.

Here, we would like to state that the transformations within management practice have been the most intense and diversified within the last decades. The transition to a knowledge-based economy, digitalization, internationalization, and the other megashifts (e.g., economic, ecological, social, or health crises) have caused multiple changes and innovative transformations in scientific management practice aimed at ensuring the functionality, sustainability, and competitiveness of managed systems. Naturally, society as a whole, and especially through its specialized bodies—education, research and development, mass media, etc.—acts so that scientific management practice is generalized as quickly as possible. Indeed, quick action is decisive for the functioning and development of all human entities and for the effective and sustainable solution of the problems associated with the great societal challenges and current crises.

Management Science/Theory

Definition and Characteristics of Management Science

Management as a theory and science was crystallized at the beginning of the 20th century and developed through the efforts of a large number of specialists from all over the world, in response to the pressing needs of social practice and in line with the rapid progress of science in many fields. Management is approached—as we have already pointed out—from multiple points of view that often differ substantially from each other.

Based on the examination of the definitions of numerous management specialists at the beginning of this chapter and our own analyses carried out over several decades (Nicolescu, 1980; Nicolescu & Verboncu, 2001), we formulate the following **definition of the science of organization management: it involves studying the management processes and relationships within an organization to discover the laws and principles that govern them and to design new systems, methods, techniques, and ways of management, likely to ensure that the organization obtains, maintains, and increases its functionality and performance.**

The originality of this approach and definition resides in the fact that for the first time managerial relationships are discovered and analyzed in

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close interdependence with the management processes considered before by other specialists. So, **the specific object of analysis of management science is management processes and relations**. These should not be confused with economic relations and processes, which have a totally different content, nor with other components of an entity of an economic, technical, or human nature. Through content and mode of manifestation, management processes and relationships present a series of particular features that give this science its pronounced specificity. Therefore, **the essence of management science is the study of management relationships and processes**.

As a result of this study, **the principles, laws, regularities, and other essential elements** that explain the content and dynamics of management are discovered. These elements, as well as the processes and relationships they reflect, evolve continuously. Hence, there is the need for the creative effort of continuous deciphering and updating so that they express the essence of management in all its complexity, corresponding to current and future conditions.

Considering the applied nature of this science, a major role in its framework is held by the **design of new management systems, methods, techniques, procedures, etc., for an organization as a whole and its major components**. Developed based on the study of management relationships and processes and the discovered laws, the methodological elements of management science represent the tools available to managers and their collaborators to increase the performance of an organization.

Characteristic of the science of organization management is the positioning, at the center of its investigations, of man in all his complexity, as a subject and as an object of management, through the lens of his objectives, in close interdependence with the objectives, resources, and means of the systems in which he is integrated. The effect of this approach is a multilateral analysis of management relationships and processes, which is reflected in the multidisciplinary nature of managerial knowledge directly subordinated to increase an organization's performance.

Enterprise or company management represents a component of the science of organization management—in fact, it is the most developed, known, and important. A convincing illustration of this reality is the fact that more than two-thirds of the world's management literature is dedicated to enterprise or other economic organizations. Such a situation is mainly explained by two causes:

- Enterprise is the basic economic agent of every economy, the main generator of added value and jobs, within which the majority of the employed population in every country carries out its activity, regardless of its level

of development. Hence, multiple economic, social, political, and ecological implications of enterprise management hold special importance.

- Enterprise was the object of the first crystallization of management science. It has continued to be one of the most fertile fields of innovation in terms of management theory and practice, with the direct and intermediate contribution of a large number of people.

The position that the management of an organization holds within management science and the interdependencies with its other components are reflected in **its double character**.

First, it is a **synthetic economic discipline**. Its economic character is derived from its main purpose—to increase economic competitiveness—from the economic optics in which it approaches most of the problems with which it is confronted, from the appreciable weight that economic concepts and methods have within it, and from the economic nature of the enterprises on which exercise. It is a synthetic economic science because it takes a series of economic categories and methods from numerous other economic disciplines: political economy, finance, economic analysis, accounting, marketing, technical–material supply, finance, and others.

Second, management has a **multidisciplinary character**, determined by the integration within its framework and content of a series of sociological, computer science, philosophical, mathematical, psychological, statistical, juridical, ecological, etc., concepts and methods, using them in a specific manner to reflect the particularities of management relations and processes. It should be noted that in the last decades, there has been a tendency to amplify this character, as a result of the foundation of management science on a systemic conception, due to the rapid development of numerous sciences that approach the entities that form the object of management, including an organization, from various points of view.

Management Processes

The set of **work processes that take place in any human system, in any organization, can be divided into two main categories: execution processes and management processes**.

The **execution processes** in the organization are characterized by the fact that the workforce either acts directly on the objects of work through the means of work, or indirectly, with the help of special categories of means of work, digitized, automated, mechanized, etc., to generate a set of products and services corresponding to the nature of the work processes involved and the foreseen objectives.

Management processes, unlike execution processes, are mainly characterized by the fact that part of the workforce acts on the other part, the

majority of human resources, to achieve the highest possible performance, having a predominantly multidimensional character. More concretely, the management processes in an organization comprise the set of phases that determine its objectives and those of the incorporated subsystems, the resources and work processes necessary to achieve them and their executants. The work of internal and external stakeholders is integrated and controlled using a complex array of approaches, methods, and techniques to fulfill as performant as possible the reasons that determined the establishment of the respective organization.

Several main components are defined within management processes; they correspond to the **functions of management**. In our view, these functions are forecasting, organization, coordination, mobilization (motivation), and control-evaluation, the definitions of which are presented in [Table 1.1](#). We specify that, consistent with the definitions of management presented at the beginning of this chapter, there are many ways to structure managerial functions.

These functions make up the content of the typical management process, which is exercised in all organizations, including companies, regardless of their characteristics. The typical management process can be structured, depending on the way in which its functions are conceived and exercised, into **three main phases**.

- **The predictive phase** is characterized by the preponderance of forecasting and by the exercise of the other components of the management process in a prospective vision. It is focused on anticipating modalities; methods; and organizational, motivational, and evaluative solutions corresponding to the predetermined evolution of the respective organization and its stakeholders. Predictive-type management focuses on establishing objectives for the respective organization, with priority given to strategic and tactical decisions, providing it with an anticipatory character.
- **The operationalization phase** is characterized by the preponderance of organization, coordination, and mobilization of the employees and other relevant internal and external stakeholders for the daily achievement of the objectives contained in an organization's prognosis and plans. This phase corresponds to operative management, which has a strong effectual character, in which the adoption and implementation of current decisions predominates, most of them related to the activities generating products and services.
- **Commensuration and interpretation of the results** is characterized by the preponderance of the evaluation-control function considering the objectives and criteria established in the first phase. It corresponds to postoperative management and has a strong ascertaining character.

Table 1.1 Management functions

<i>No.</i>	<i>Name</i>	<i>Definition</i>
1.	Forecasting	The set of work processes through which the main objectives of an organization, its subdivisions, and stakeholders are determined, as well as the resources and the main ways necessary to achieve them
2.	Organization	The set of management processes through which the physical and intellectual work processes and their components (movements, times, operations, tasks, etc.) are established and delimited as well as the grouping by jobs, formations of work, departments, and their assignment to internal and external stakeholders, according to certain managerial, economic, technical, ecological, and social criteria to achieve the foreseen objectives in the best possible terms
3.	Coordination	The set of work processes through which the decisions of employees and actions of an organization's subsystems and external stakeholders are harmonized within the forecasts and the previously established organizational system
4.	Mobilization (motivation)	The set of work processes through which an organization's employees and external stakeholders are determined to contribute to the establishment and achievement of the foreseen objectives, based on the consideration of the factors that motivate them
5.	Control-evaluation	The set of work processes through which the performance of an organization and its subsystems and stakeholders is measured and compared with the objectives, criteria, and standards initially established in order to eliminate the identified deficiencies and to integrate the positive deviations

During this phase, a managerial cycle ends and the conditions are prepared for the resumption of the next cycle.

There is notable interdependence between these three phases, which are difficult to dissociate due to the unity and complexity of the management process and the systemic nature of any organization's activities.

It should be emphasized that **knowledge, information, and people are the main "raw materials"** on which the management phases and functions are based. The human factor plays a special primary role in management because human resources are simultaneously the object and subject of management. The employees of an organization are managed and also include

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those who manage and hold managerial positions within it. Knowledge and information serve to make **decisions, the main managerial tool**, through which the specificity of management processes is manifested in the most meaningful way. The management performance of an organization, regardless of its profile or size, depends significantly on the quality of management decisions.

Although, quantitatively, the management processes represent only a small share of the overall work processes, which otherwise grow continuously due to their content, complexity, and implications, they often have a decisive role for the competitiveness of an organization. In fact, the execution and management processes are complementary; their delimitation is the natural result of the deepening of the social division of labor. Management processes ensure, based on specialized skills and competencies, the potentiation of execution processes and the rational aggregation of results in accordance with economic and social needs, with the requirements of internal and external customers, and with the interests of an entity's main stakeholders.

Management Relationships

Management relationships are the second essential element contained in the definition of management science. They determine, to a decisive extent, its specificity. In essence, managerial relationships can be defined as the relationships that are established between the components of an organization and between them and the components of other entities, in the processes of forecasting, organization, coordination, mobilization, and control-evaluation of their activities. There is a **triple determination** regarding the factors that condition management relationships: socio-economic, technical-material, and human.

Socio-economic determination involves the dependence of management relations on the nature and ways of manifesting ownership of the means of production and, in general, on the nature of production relationships as well as juridical and institutional regulation. Through this determination, the same essential economic-social characteristics are ensured for organizations based on the same type of property. For example, the state-owned companies in Romania present certain essential management characteristics: the activities are based on the same management principles; they use certain methods of forecasting, organization, and motivating employees; and they adopt similar participative management and methods.

Technical-material determination relates to the dependence of the management features on the characteristics of the means of production, which constitute the technical-material support of the classification and incorporation of an organization into branches and sub-branches.

Through this, they imprint a series of particularities on organizations and implicitly on management relationships. Naturally, the configuration of management relationships in a car manufacturing enterprise differs partially from those in a coal mining enterprise. In the latter, there are a series of additional restrictions based on the conception and operationalization of management relationships determined by the larger impact of natural processes and the significantly greater influence of natural phenomena, among other factors. Based on technical–material conditioning, management relationships reflect the specificity of the branches or sub-branches of which the respective entities are a part. The technical–material determination of management relationships actually represents the foundation of the division of an organization’s management into management of the industrial enterprise, management of construction organization, etc., and within them, management by sub-branches (management of car manufacturing companies, management of chemical companies, etc.). In this way, better premises are ensured to consider the specificity of management relationships determined by the different production profiles of economic entities.

Human determination relates to the appreciable influence of an organization’s culture, human resources, and external stakeholders on management relationships. The personality of managers, specialists, workers, and others who carry out their work in an enterprise and the relationships between them, the micro-collectives within it, influence the manifestation of management relationships. These factors are given increased importance in a modern organization, reflected in the development of human resources management, the amplification of sociological and psychological research, and the wide proliferation of related methods and tools within companies.

Human determination explains the differences that manifest in management relationships between similar organizations from other points of view, including the nature of property, profile, technical–material resources, and financial resources. In the last instance, the differences in competitiveness between such organizations, often appreciable, reflect the differences in terms of the existing management relationships within them and implicitly in human resources.

An analytical approach is useful to gain a more complete understanding of the characteristics of management relationships. They can be analyzed according to the main variables that influence them ([Figure 1.1](#)).

General Principles of Management

Management principles that have the same socio-economic, technical–material, and human determinations as management relationships play a major role in management science. These principles are divided into

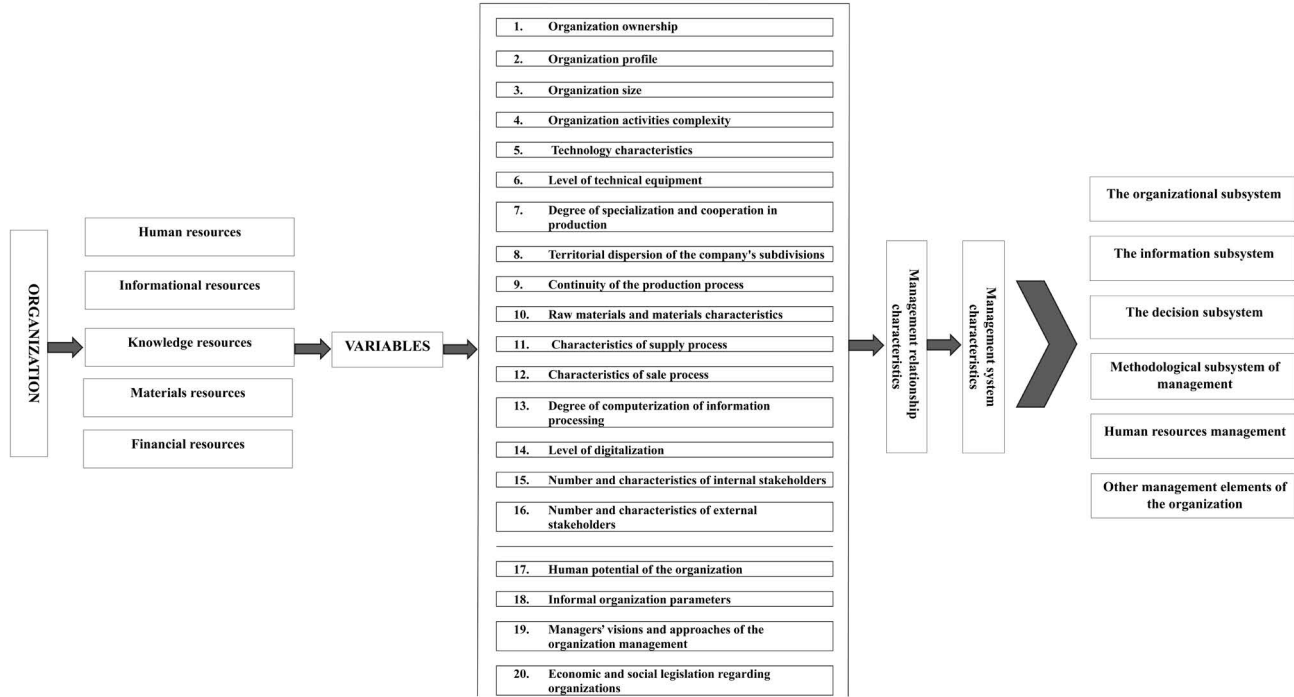


Figure 1.1 The main variables that influence management relationships.

general and specific, depending on the scope of management processes, management relationships, and the ensemble of activities that make up an organization.

The general principles, which we briefly present below, express the level of development of management science and practice and the theoretical foundations provided for the overall modeling of the management system of an organization. All general principles comprise a system whose knowledge and application is indispensable for managers and specialized personnel involved in the management of an organization.

The specific principles refer to managerial subsystems of the organization or other major components of its management. The specific principles are, to a large extent, versions of the general principles tailored to the managerial specifics of the important fields of an organization.

- **We present shortly the general principles of management entity. The principle of ensuring harmonization between an organization's management parameters and the essential environmental characteristics**

This principle reflects the nature of the open system of organizations and their dynamism. We briefly state the content of this principle: ensuring the functionality and competitiveness of an organization implies a permanent correlation, adaptation, and improvement of its management to the situation that actually exists within it, to the organizational culture, and to the socio-economic context in which an organization carries out its activities. This principle originates from the dynamism of economic, technological, scientific, digital, cultural, etc., development. As a result, management variables that are endogenous and exogenous to an organization change their parameters at a rapid pace, requiring changes in management relationships and the content of management processes.

- **The principle of participative management**

This principle refers to the involvement of an organization's human resources and external stakeholders in its management. We present its synthetic formulation: the most important and complex management processes and relationships within an organization it is necessary to perform with the involvement of managers, owners, specialists, representatives of the owners, and other relevant stakeholders. This endeavor calls on participative leadership and realizing a new type of organizational culture. There are several elements that make participative management necessary for an organization: the increasing complexity and dynamism of the activities within any entity; the fluidity of some major components of the environment; the rapidity of contemporary scientific, technical, commercial, digital, and organizational developments; the high level of training and its continuous increase in the majority of the employees in

organizations; changes in the field of an organization's stakeholders and in their characteristics; the internationalization of economic activities, etc. The participation of human resources in the development of management processes and relationships needs to be carried out differently, with greater intensity at the level of medium and large organizations, for more complex and dynamic activities and human resources with a high level of training.

- **The principle of motivating an organization's internal and external stakeholders**

The functionality and performance of each organization's activities depend decisively on the way to combine an organization's interests and relevant internal and external stakeholders' interests by using a set of approaches and methods, including motivation. As a general management principle, motivation expresses the need for dimensioning and allocation of resources, the establishment and use of incentives and material, and moral sanctions by the decision-makers in such a way to ensure a harmonious interweaving of the interests and aspirations of all of an organization's stakeholders, generators of functionality and superior performance. The over- or under-evaluation of the interests and aspirations of some stakeholders will, sooner or later, have a negative impact on the satisfaction of other interests, generating dysfunction and reduced performance. The strong motivation of an organization's relevant internal and external stakeholders, correlated with the potential and actual contribution to the organization results obtained, must permanently guide the management of each entity

- **The principle of sustainable multidimensional performance**

Performance plays a decisive role for an organization to exist and evolve. The dimensioning, structuring, and combination of all management processes and relationships must consider the amplification of positive economic, social, and ecological effects of the organization and external stakeholders that are quantifiable and nonquantifiable to ensure high competitiveness and sustainability. So, in essence, this principle expresses the need to model the set of processes and managerial relationships of the organization to determine its survival and competitiveness as well as the high achievement of multidimensional performance (e.g., economic, social, and ecological). In fact, this principle only summarizes the finality of the previous principles, revealing the goal to the achievement of which the management of each entity must contribute.

Of course, the knowledge and acquisition of management principles of organizations are essential for all those involved directly or indirectly in the activities of organizations. However, their proper use is just as essential so that their valences of enhancing the competitiveness and sustainability of management are capitalized at the highest possible level.

Management Philosophy

The Beginning and Development of Management Philosophy

Management philosophy could be approached from the **point of view of philosophy or management**. In this book, we approach management philosophy from both points of view. We emphasize more the approach of management philosophy as part of the management field for two reasons:

- This book is mainly a management book, but, of course, it has a philosophical dimension.
- Both authors are mainly specialists in the management field and thus possess more knowledge in this field.

To start, we consider it necessary to state that management philosophy is the youngest part of management. **The point of departure for management philosophy is considered in the book *Philosophy of Management* (Sheldon, 1923)**, which includes the first definition of management philosophy. In the following decades, several papers dealing with management philosophy have been published sporadically. They have not received too much attention from specialists in philosophy and management. Moreover, books by renowned management specialists such as Peter Drucker, Michael Porter, and Henry Mintzberg contain certain elements of philosophical epistemology, ontology, and ethics, without being delimited as such.

The turning point in the approach and development of management philosophy was the launch of the journal *Philosophy of Management* in 2001, and the Annual Philosophy of Management Conference in 2008. They have been powerful catalysts for the research, debate, and publication of studies in the field of management philosophy. The journal presents itself as an independent refereed forum for philosophers, theoreticians, and management practitioners to apply philosophical scrutiny to management theory and practice (Erkal & Vandekerckhove, 2021).

In 20 years, *Philosophy of Management* has published 358 articles (Erkal & Vandekerckhove, 2021). During this time, several books focused on different elements referring to the management philosophy have been published: *Elements of a Philosophy of Management and Organization* (Koslowski, 2010), *Handbook of Philosophical Foundation of Business Ethics* (Luetge, 2012), *The Philosophical Foundations of Management Thought* (Joullié & Spillane, 2020), *Handbook of Philosophy of Management* (Neesham et al., 2022), *The Critique of Management: Towards a Philosophy and Ethics of Business Management* (Blok, 2021), and *Philosophy and Management Studies: A Research Overview* (Mir & Greenwood, 2021). All this work has resulted in substantial progress in management philosophy. The

highlighting jump has been made from the statement by the philosophers Laurie and Cherry (2001) that is not field “philosophy of management” to the assertion of Blok (2019) that is a field of management philosophy. Recently, Erkal and Vandekerckhove (2021) wrote that the **philosophy of management is an innovative academic field of philosophy.**

The Definition, Content, and Perspectives of Management Philosophy

Despite of so many papers and books dealing with management philosophy, there are relatively few definitions of management philosophy. According to Neesham et al. (2022), **the philosophy of management addresses the philosophical foundation of management theory and practice.** According to Erkalıç (2021), management philosophy investigates the management perspective and attitude against life in the dimensions of logic, values, knowledge, and existence.

The management philosophy elements can be grouped in **two frameworks:**

- **Management philosophy can be considered a specialized branch of philosophy branch,** similarly to other philosophical branches such as social philosophy, political philosophy, economic philosophy, science philosophy, and technique philosophy. Specific to management philosophy is the analysis of some elements of management using philosophical concepts, approaches, and methods, revealing certain philosophical foundations and implications. Because of not enough management knowledge among philosophers, the research and results frequently consider only disparate management elements.
- **Management philosophy extends research in established components or branches of classical philosophy, such as ethics, epistemology, ontology, cultural reasons, logic, and aesthetics** in the field of management. Each of these established branches can contribute to the development of management. For example, the epistemology of management concerns the question of how management can improve its ability to create knowledge about managing the organization and using management theory in the management tasks. Management ethics can be used to investigate the right management action. Cultural reasons can examine how corporate culture increases the cooperation within the firm and how cultural surplus value of products can amplify the organization value creation (Kosłowski, 2010).

Analysis fulfilled by this type of management philosophy is at a high level from a philosophical point of view, but usually without sufficient depth regarding management content and specificity due to the lack of the

systemic management knowledge of philosophers. [Erkal and Vandekerckhove \(2021\)](#) analyzed 20 years' worth of studies published in the *Philosophy of Management* Journal and provided an **evaluation that is relevant for management philosophy**.

- **The most frequent analyzed management topics** based on management keyword clusters are:
 - Management organizational studies (16.20%).
 - Organizational subject (15.64%).
 - Economy science (13.97%).
 - Business ethics (10.06%).
 - Managers (9.70%).
 - Management (9.22%).
 - Corporate governance (8.38%).
 - Decision-making (8.30%).
 - Social responsibility (7.82%).
- **Researchers have utilized philosophical methods and managerial methods.** More than 80% of the studies used normal philosophical methods (e.g., the geometric method, conceptual analysis, the phenomenological method, methodological skepticism, intuition, thought experiment, and verifications) and 19% utilized non-philosophical methods, mainly management methods. The most frequently used managerial methods were case study (11.45%) and contextual analysis (5.90%). Interviews, focus groups, and correspondence analysis were also used.
- For the vision and significance of the management philosophy studies are relevant the philosophers and management studies considered the most important by specialists in the field. The authors **identified 15 specialists—14 philosophers and one specialist in management—who were cited more than twice**. The most frequently cited philosophers were Aristotle (mentioned 14 times), Alasdair MacIntyre (mentioned 10 times), Karl Popper (mentioned 10 times), and Karl Marx (mentioned 8 times). Edward Freeman was the only management specialist (mentioned by 4 times). Other well-known management thinkers—Frederick Taylor, Henri Fayol, Igor Ansoff, Chris Argyris, Andrew Chandler, Peter Drucker, Mary Follet, Geert Hofstede, Rensis Likert, Henry Mintzberg, Michael Porter, and Max Weber—were not mentioned or only mentioned one or two times.

Analysis of the topics of the philosophical management books and articles indicates that despite many aspects of management to which the philosophers have paid attention, the majority of the main components of management theory and practice—management concept, strategy, and management system; organizational structure, management of human

resources; and decisional management system—have only been analyzed sporadically through philosophical lenses.

Finally, we conclude that based on the consulted studies and our own analysis, management philosophy has already demonstrated its usefulness for management theory and practice. For the future, we believe it is essential to focus on the following **three key directions** regarding research on management philosophy:

- a **Evaluate the core of the management science and theory from the philosophical point of view.** The essence of management science is:
 - To study the management processes and relationships.
 - To discover the laws and principles which govern the management processes and relationships.
 - To create new management systems, methods, techniques, and approaches that ensure the maintenance and growth of an organization's functionality and performance.

Management philosophy can undoubtedly generate valuable knowledge regarding the content and significance of management processes and relationships and the laws and principles that govern them. Philosophy could provide a framework for moving beyond paradigm fragmentation in management theory and research.

- b **Pay more attention to management practice**, which is very heterogeneous, complex, and dynamic. It is necessary to analyze the innovative key elements—management of entities, companies, communities, territorial units, states—through a philosophical lens. In 2023, *Philosophy Management Journal* dedicated an entire issue to the relationship between management philosophy and practice. [Eabrasu and Lamy \(2023\)](#) argued effectively on the usefulness of philosophy in management practice and the keynote directions for future research. Management philosophy provides essential conceptual tools for management practice and offers wide theoretical angles and various abstract and encompassing concepts that can account for the heterogeneity and complexity of business practice ([Giannasi & Casarin, 2023](#); [Laurie & Cherry, 2001](#)).
- c **Develop a consistent and useful management philosophy branch** that can amplify the quality and performance of management theory and practice. This endeavor **depends decisively on collaboration between philosophers, management scientists, and practitioners.** The use and combination of the top philosophical and managerial knowledge and methods, subordinated to the present and future priorities of management theory, practice, and philosophy, is determinant for the development of the management philosophy. The philosophical contribution to management

development should use concepts and approaches of the recent philosophers and management scientists, considering the contemporary megashifts determined by the transition to the knowledge and digitalization-based economy and society. The recent research of the philosopher Blok (2024) regarding the post-humanism in the technical era is very interesting and useful in this respect.

It is necessary to keep in mind what Koslowski (2010) said: “the philosophy of management as a field to be developed must draw inside from both bodies of knowledge and it must be useful to both of them.”

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2 The Management Paradigm Concept and Its Philosophy and Management Content

The Paradigm Concept

The paradigm concept has a relatively short history, less than a century. In his seminal work *The Structure of Scientific Revolutions*, Kuhn (1962) defined **scientific paradigms** as “accepted examples of actual scientific practice that include laws, theory, applications and instrumentation that provides models from which particular traditions of scientific research springs.”

Other specialists have formulated paradigm definitions with rather different contents. We mention some of them: a paradigm is a general perspective or way of thinking that reflects fundamental beliefs and assumptions about the nature of an organization (Gioia & Pitre, 1990). A paradigm is a norm that regulates theory and practice in a given area (Levine & Luck, 1994). A paradigm is a set of rules and regulations that establishes and defines boundaries and tells you how to behave inside these boundaries (Barker, 1985). According to the *Merriam-Webster Dictionary*, a paradigm is “a philosophical and theoretical framework of a scientific school or discipline within which theories, laws, and generalizations and the experiments performed in support of them are formulated.”

These paradigm definitions are different because they are based on different assumptions or hypotheses regarding the entity or area that is considered, not always precisely formulated. Based on the published paradigm definitions and our analysis, we propose the following definition: **a paradigm is a way of thinking about a system, including a philosophical, theoretical, and pragmatic framework of analysis and action that reflects fundamental assumptions and beliefs about nature and functioning and contributes to a better understanding, explanation, development, and performance of that system.**

A paradigm always refers to the essence of a system to the elements that decisively influence its content and development. It provides a new framework for better theoretical analysis and practical actions. Paradigm-specific ways of thinking, frameworks, and knowledge reflect major different

assumptions and beliefs about a system compared with what was predominant in the previous period. Through all these elements, a paradigm offers superior support for explanation, understanding, development, and performance of a system. Every scientific paradigm is based on one or more relevant assumptions regarding the field involved and the main elements that influence it. Their nature, consistency, and realism impacts substantially the content, scientific value, and practical utility of a paradigm. Of note, the assumptions are not always explicitly formulated; they are quite often implicit. Ex ante formulation of the assumptions contributes to more rigorous elaboration of a paradigm and a much better perception and consideration of its implications in science and practice.

A paradigm presents **two facets**:

- **The theoretical–scientific facet** is focused on theorizing, concepts, and theory building. This facet is frequently part of a philosophical and scientific undertaking with the main purpose of better understanding, explaining, and developing the science and philosophy of the involved fields.
- **The pragmatic facet** is focused on the change and transformation of the involved entity and/or area. It generates and increases the functionality and performance of the real entities that work in an economy and society.

There are very strong connections between these facets. The pragmatic facet implements the theoretical elements and concepts developed by science. The more developed the theoretical–scientific facet, the more it can contribute to the development and performance of the practical facet. Concomitantly, the evolution and change of practice provide elements for the development of the theoretical–scientific facet. The realism of the theoretical–scientific facet is demonstrated only if its elements can contribute to better functioning and development of the entities in society. The permanent correlative approach of the theoretical–scientific and pragmatic facets increases the rigor, realism, utility, and actuality of science and practice.

A paradigm can be divided into **two categories** depending on its scope:

- A **general paradigm** refers to an entity, a system, or an area as a whole. The aforementioned definitions are all in this category.
- A **specific paradigm** refers to a certain field or component of an entity or a system. Most approaches to paradigms presented in the literature refer to specific paradigms. For example, Gioia and Pitre (1990), Jansen (2023), and Levers (2013) have elaborated paradigms dealing with research. Levine and Luck (1994) have formulated paradigms regarding production. Burrell and Morgan (2017) have referred to a sociological paradigm. Baker et al. (1998) have elaborated a marketing paradigm.

The development of philosophy and other sciences as well as changes and transformations in practice determines a paradigm shift. A paradigm changes when scientific activity and social practice in science begin to contradict the content and assumptions that are predominant and considered by experts to be unshakable. A **paradigm shift** represents a fundamental change in the content, approach, and assumptions of science and social practice. A new paradigm involves altering the beliefs regarding what is valuable and good in the field and drives major scientific and practical progress.

A paradigm shift is a very difficult process in science and practice. It is not easy for people to renounce something that they have known, practiced, and considered to be the norm. It is more convenient to continue to think and act as you usually do than to make the effort to accumulate new information and knowledge and to change your way of thinking, deciding, and acting. This process demands effort, time, and resources that often are not available and/or are difficult to obtain and use. To be successful, a paradigm shift should be fulfilled in a reasonable period of time and with normal human efforts. It is recommendable to conceive a **cycle of change for a paradigm**, with several stages that each include the main necessary decisions and actions, which should be implemented carefully.

Paradigms are essential for science and practice.

a **The scientific importance and impact of a paradigm** are determined by:

- The focus on the core, the essence of the scientific field.
- The facilitation of deeper and more comprehensive understanding of the specific scientific phenomenon involved.
- The provision of a framework, a model for analysis and interpretation, of the entire field or a major component of it.
- The discovery, facilitation, and acceleration of the content and significance of future scientific development.
- The provision of a superior background for the utilization in social practice of the new theoretical and methodological elements provided by science using the new paradigm.

b **The pragmatic importance and impact of a paradigm** are determined mainly by:

- The new paradigm represents a guide for the utilization in the social entities of the concepts, methods, and approaches provided by science.
- The amplification and acceleration of innovative transformations in the entities because of the implementation of the new paradigm.

- The use of the new paradigm contributes to the functionality and performance increase in the entities, to their better integration in the context.

Transition to a knowledge and digital-based society—the foundation of our times—principally involves the transformation of knowledge as the main raw material, production mean, product, resource, and competitive advantage. In this context, there is an amplification in the frequency, importance, and impact of paradigms in all sciences and entities.

Different Approaches to Management Paradigms

We consider it necessary to state from the beginning the following two elements:

- In management, the paradigm approach appeared later than in other fields, such as philosophy or sociology, probably because of very pragmatic orientation of management science and the complexity and dynamism of management practice. The beginning of references to paradigms includes [Levine and Luck's \(1994\)](#) formulation of a new paradigm regarding lean production, which replaced the paradigm of mass production, and [Drucker's \(1998\)](#) study entitled “*Management's New Paradigms*,” which pointed out how the underlying assumptions about organization management were out of date, and new management paradigms needed to be developed.
- The numerous, heterogeneous, and complex theoretical and pragmatic approaches in management have frequently been reflected in less rigorous management terminology. This has represented a major obstacle, often even a brake, in the initiation and elaboration of management paradigms ([Huehn, 2008](#)).

However, there have been **several very interesting and useful approaches to management paradigms. These partial paradigm approaches refer to certain components of management.** We mention a few that, in our opinion, have represented an important contribution to the development of certain theoretical and practical management elements or fields.

First, we refer to the **paradigm change in production management.** For almost a century, industrial production was based on the mass production paradigm. This paradigm is grounded in the classical theories regarding rational systems, whose main purpose is to address problems by reducing the large number of possibilities that no one person could explore to a few clear-cut alternatives. This approach assumes that markets and customer demands are basically homogenous and stable and that products change slowly.

The **new lean management paradigm** has changed the previous assumptions. The environment in which companies operate is neither stable nor certain. The quality, cost, and speed of products interact, and companies need to approach and improve all simultaneously. This means that management should optimize not only production, but all departments, because all substantially influence the cost, quality, and speed of production. Two principles underline the new paradigm: customer satisfaction is central to the survival and prosperity of a company, and a company is a system of interdependent processes that provide the products and services the customers purchase. The lean production management paradigm has quickly spread and generated many beneficial consequences in companies.

Hensley and Myrk-Dubout (2018) elaborated **the three management paradigms** focused on management/leadership (Table 2.1).

The three paradigms differ in their roles, goals, and perspectives. Contrary to Laloux’s (2014) evolutionary model, this is not a simple past–present–future sequence. Rather, different paradigms have coexisted in different contexts over centuries.

The power-driven paradigm model is from the previous capitalistic era and is still largely used in many owner-managed small and large businesses. The key assumption is that the leader knows more than others about the market context and how to do things.

The performance-driven paradigm model is the common contemporary paradigm for numerous companies. It provides clear targets and strategic objectives but allows flexibility of finding the best way to realize them. The key assumption is that the market is inherently predictable, so that realistic targets can be set.

In **the purpose-driven paradigm model**, the leader’s role is just to be the guide and guardian of the purpose. It has been used in many religious organizations, cooperatives, non-governmental organizations, and some

Table 2.1 The basic characteristics of the three management/leadership paradigms

<i>Management paradigm</i>	<i>Power-driven paradigm</i>	<i>Performance-driven paradigm</i>	<i>Purpose-driven paradigm</i>
Time horizon	Immediate	Short-term	Long-term
Beneficiary	Leader(s)	Shareholders	Society
Goals	Leader’s goals	Profit contribution	Social contribution
Objectives	Becoming stronger	Making money	Sustainability
Leadership role	Giving orders	Setting targets	Articulating purpose
Degree of delegation and empowerment	Very low	Moderate: can choose own way to meet targets	High freedom to follow purpose

business organizations. The key assumption is that the purpose gives clear guidance on the appropriate action.

Currently, we believe that these three paradigms coexist and are implemented in a large variety of ways.

In his book *Reinventing Organizations*, Laloux (2014) identified and presented **seven key paradigms** in the evolution of organizational and human consciousness models:

- Reactive—infrared.
- Magic—magenta.
- Impulsive—red.
- Conformist—amber.
- Achievement—orange.
- Pluralistic—green.
- Evolutionary—teal.

Each paradigm presents three characteristics: a sweet spot where it works best, new breakthroughs that help managers to coordinate at a larger scale and manage more complex problems, and certain drawbacks to consider and to try to overcome.

In the last century, **three ultimate paradigms** have operated.

The achievement—orange paradigm has borne many modern resource allocation, appraisal, and incentive systems. It is based on the belief that individuals should be free to challenge the rules and to optimize and that companies promote overconsumption to maximize gains.

The pluralistic—green paradigm is based on the assumption that life is more than just success or failure. Relationships and ideas (fairness, equality, and human consciousness) are very important for people and organizations. The breakthroughs are represented by empowerment (with democracy and servant leadership), value-driven cultures, and multistakeholder perspectives. This paradigm is especially useful for breaking down the old structures, but less effective and efficient for providing practical alternatives and outcomes.

The evolutionary—teal paradigm brings three breakthroughs that are able to resolve most existing organizational difficulties and challenges (e.g., bureaucracy and infighting):

- Self-management: Organizations are managed and raised by self-managing teams, based on peer relationships replacing the hierarchy or consensus; every organizational component is more powerful.
- Wholeness: People bring who selves to work and focus on their contribution and growth.
- Evolutionary purpose: Organizations operate as soulful entities with aspirations. Personals calling are aligned with organizational purposes and

people are invited to harmonize, to align personal with organizational purposes and this unlock and harness personal and team energy.

Teal entities behave like live organisms evolving within the wider ecosystem. In these organizations, the components make decisions that feel right and align with who they are. The predominant approach is the focus on strengths and potential. Laloux (2014) identified and analyzed the evolutionary—teal paradigm in several organizations, including Buurtzorg, FAVI, AEL, and Zappas, revealing interesting evolutions and particularities.

We conclude that the Laloux paradigms are less organization models and more management models. Most of the analyzed elements do not deal with organizational features, such as size, profit, structures, and resources, but rather with the management of them (power, incentives, team, decisions, management relationships, etc.).

There are a few other points of view regarding management paradigms, but unfortunately, most of them have not been elaborated sufficiently. Nevertheless, they incorporate certain interesting and useful elements. For example, Argandoña (2020) proposed new paradigms in purpose, ownership, and engagement. Baker et al. (1998) discussed the change from transition marketing to relationship marketing. Huehn (2008) described the four paradigms in business science (management science, management, traditional business, and cybernetic management).

Overall, management paradigms are **very heterogenous in their content and presentation** for the following reasons:

- Different visions among specialists regarding the essence of management science.
- Different conceptions among specialists related to the management paradigm concept and the related research.
- Approach of the management paradigm concept in different periods and/or management components.
- Significant differences among specialists regarding the knowledge and analysis of management practice.
- The specific purpose of specialists in the elaboration of the management paradigm concept.

However, the differences regarding management paradigm approaches and the causes that have generated them can be detected in **several common elements**:

- None of the specialists have formulated a definition of a management paradigm.

- All specialists and approaches deal with management paradigms as a major transformation in management.
- All management paradigms approaches generate valuable management knowledge in relevant areas of management, contributing to its progress.
- All approaches are based on the coexistence of several management paradigms at the same time.
- There is usually no explicit delimitation between specific aspects regarding management theory and management practice.
- All specialists approach new management paradigms as one step in management development that reflects the recent megashifts in entities and their context.
- None of the management paradigm approaches analyze or consider the main impacts of a new management paradigm on the content and development of management science, practice, and philosophy.

Finally, we conclude that the use of the paradigm concept is beneficial for management theory and practice, contributing to their development.

Our Vision Regarding the Management Paradigm Concept

Definitions and Features of the Management Paradigm Concept

As we concluded above, the management literature lacks a definition of the management paradigm concept. A definition should be the starting point and methodological premise for the scientific and realistic approach of a paradigm in management science and practice. Based on the definition of paradigm we formulated and our analysis of the numerous elements of management science and practice, we propose the following definition: **a management paradigm is a general perspective way of thinking and a philosophical, theoretical, and pragmatic framework regarding management processes and relationships in an entity, or an essential part of its components that reflects the fundamental assumptions and beliefs about the nature and functioning of management and can contribute to a better understanding, explanation, development, and performance of it.**

We consider it necessary to make certain comments on the **principal elements incorporated into the management paradigm concept.**

- a **The general perspective way of thinking about a management entity** refers to the vision regarding the management processes and relationships, the essential elements in management science and practice; the characteristics and interactions of their components; the influences of entities; and the context of management content, functionality, and performance.

- b A management paradigm provides the **general framework for the theoretical analysis of management processes and relationships as well as the elaboration of the principles, rules, and requirements** concerning strategy, leadership, organizational structure, informational management system, decision-making processes, management methods, and techniques. It also involves the ways to use these theoretical and methodological elements to shape them into entity management practice.
- c The management paradigm concept is based on **five fundamental assumptions**.
 - **Management processes and relationships are essential elements for management science and practice.** They represent the core of management science and practice. Management science involves the study of management processes and relationships to discover the laws and principles that govern them and to conceive new management systems, methods, techniques, and ways to increase the functioning and performance of entities. Scientific management practice focuses on remodeling management processes and relationships through strategies, leadership, methods, techniques, and decisional processes by using the theoretical and methodological elements provided by management science.
 - Management processes and relationships **always involve two types of components**:
 - One person with manager status that has a larger set of objectives, tasks, competences, and responsibilities to fulfill and provides high decisional and actionable powers, reflected in the decisions made and actions taken.
 - One person with operational status that has a smaller set of objectives, tasks, competences, and responsibilities to fulfill and has less decisional powers and focuses on the implementation of managerial decisions.
 - **The content and personal features of the two components and their ways of interrelationship determine to a large extent the content, functioning, and performance of management processes and relationships.** Each person and his/her status has a major role and impact on management activities.
 - **The profile, size, resources, and other main characteristics of the entity** in which management processes and relationships are ongoing and part of the context in which it works have a major impact on their content, functioning, and performance. This assumption emphasizes the major importance and impact of the entity and context parameters on the functionality and performance of management.

- **The features of management processes and relationships are molded by specific managerial mechanisms and approaches:** strategy, leadership, management methods and techniques, organizational structure, management information system, management of human resources, and organizational culture, among others. In management science, these elements represent the main components for which are elaborated principles, rules, and requirements. In management practice, these elements are the concrete ways and mechanisms for management implementation in entities.

The fundamental set of assumptions represents the relational background of a management paradigm. They determine to a large extent the nature, content, and performance of management science and practice.

- d **Fundamental beliefs** represent the predominant perceptions and convictions of management specialists, entity managers, and entity stakeholders regarding what should be the best way to conceive and practice management processes and relationships. They reflect the level of consciousness of the population (Laloux, 2014) in each stage of the evolution of society, culture, and the predominant mentality, and the level of management knowledge and education. Specifically, these perceptions and convictions refer to decision-making, human resource stimulants and penalties, the role and impact of communication by managers, the types of control in entities, management performance, etc. In fact, they express what people consider to be good and bad in management and what should be done to manage better. Fundamental beliefs regarding the content, ways, strengths, and weaknesses of management practice are essential for an entity to function and perform, because the perceptions and convictions of people have a decisive impact on the quality and efficacy of decisions, actions, and behaviors of all involved in management processes and relationships. This psychosociological dimension is as important as the rational dimension: together, they provide the background of the management paradigm.

A management paradigm determines the content of management processes and relationships and how they are conducted in any human entity. **A management paradigm establishes the essential elements that influence the work content and performance generated by management processes and relationships** within the entity. These elements include:

- **Management vision** regarding the objectives, constituents, directions, approaches, and performance of entity management.

- **The paradigm components or constituents** include the company's owner, managers, or executives; an important supplier or buyer from another organization working with the company, etc.
- **Interests to be considered and followed by individuals** such as the company's owner, those who manage and are managed, a supplier, etc.
- **Objectives to be attained**, which could be both common objectives for constituents and specific objectives for the manager, for the executive, for a supplier, etc.
- **The ways to determine the objectives and the tasks** to be fulfilled include command, consultation, collaboration, negotiation, etc.
- **The main resources to be used** include information, knowledge, tools, equipment, space, money, etc.
- **The nature of the management relationships** may be hierarchical, functional, collaboration, cooperation, etc.
- **The type of communication between constituents**, such as top-down, dialogic, horizontal, bottom-up, unidirectional, etc.
- **The content and methods of motivation** to be used by management include rewards, punishments, and financial incentives, among others.
- **Performance should be multidimensional**: business, social, ecological, etc.

The Facets and Categories of a Management Paradigm

There are two facets to a management paradigm. **The theoretical–scientific facet represents the vision, concepts, principles, requirements, and rules of management** incorporated in management science and philosophy. Scholars focus on this facet to innovate and develop this field. **The pragmatic–operational facet** has as main content the use and implementation of the theoretical–scientific facet in human entities. The decisions and actions of entity managers and management specialists also generate new theoretical–methodological elements that contribute significantly to the development of management science.

There are close connections and complementary processes between these facets. In the last decades, in the context of the fast transition to a knowledge- and digital-based economy and society and a general increase in knowledge and education among a large part of the population, these relationships have been amplified, with substantial benefits on management science and practice.

Management paradigms can be divided into two categories:

- **A general management paradigm** involves the entire system of management processes and relationships in the entity. This comprehensive and complex concept refers to the all components of management

(strategy, leadership, systems, methods techniques, etc.). In each stage of society, there is usually one predominant general paradigm that reflects the same set of management assumptions and the majority of the population beliefs regarding the content, functionality, and performance of management.

- **A partial management paradigm** has as its object an essential part of management processes and relationships with a predominant specificity. It is less comprehensive and complex than a general management paradigm and thus is easier to conceive and implement both theoretically and pragmatically. It has a major impact on certain management components and approaches. There can be several partial management paradigms at every stage of the development of society.

In entities, each partial management paradigm should be compatible, even complimentary with the general management paradigm, a phenomenon considered by top managers. Harmonization of general and partial management paradigms benefits management practice and science.

Each management paradigm is realistic and useful for a limited period of time during which the fundamental assumptions and beliefs are valuable and entities show good functioning and performance. When relevant shifts occur and alter fundamental assumptions and belief the perspective of the way of thinking about the management processes and relationships and the theoretical and pragmatical framework for their analysis and remodulation stopped to be realistic and efficacy, then this paradigm should also change. In this context, new general and partial management paradigms arise to reflect the new realities and to provide valuable elements for the management philosophy, science, and practice. Note that the new management paradigms coexist with the previous paradigms for a period of time, although the old paradigms disappear gradually.

Philosophical, Theoretical, and Pragmatic Importance of a Management Paradigm

There are several reasons for the importance and influence of management paradigms. First, they are part of management science, one of the most disseminated sciences in our times given that every person and human entity uses management knowledge. Second, management paradigms are used to manage all types of entities and every person is a component and/or contributor to at least in one entity, and thus influenced by the involved management paradigm. Third, management paradigms are an essential component in management science and management practice.

More analytically, the importance of management paradigms can be separated and analyzed in three fields: management philosophy, management science, and management practice.

Management paradigms are connected with many of the classical branches of **management philosophy** and are the result of the utilization of their specific approaches.

- **A management paradigm is a part and result of epistemology** because it represents knowledge acquisition, a new concept based on the analysis of the main components of management science and practice, which in the last decades have accomplished a high level of development. Management paradigm is the result of theorization of reach management knowledge and practices. Management paradigm should be considered as an important part of the management epistemology within management philosophy.
- **A management paradigm is part of applied ontology** because it is a formal explicit description of management processes and relationships, the essence of the management. For the management paradigm concept have been described the main parameters, assumptions, facets, types, etc., contributing to a superior understanding and explanation of the entity management core and mission.
- **A management paradigm is based on business ethics**, a set of principles and values that including leadership, accountability, integrity, respect for others, honesty, respect for laws, responsibility, transparency, compassion, and environmental concern. It represents a very good background and framework for the implementation of appropriate business ethics to increase the responsibility of the stakeholders in management processes and relationships.
- **A management paradigm is a result of philosophical reasoning** based on certain assumptions and beliefs. It helps to better analyze management processes and relationships and to model management activities in entities, because it helps distinguish what is relevant in management and to fulfill high-quality theoretical analysis as well as pragmatic decisions, actions, and behaviors.

We conclude that a **management paradigm is closely connected to management philosophy and has a substantial philosophical dimension.**

The **importance and impact of a management paradigm in management science** represents a turning point in its development. Synthetically, we summarize the **contributions of a management paradigm** as follows:

- **It focuses management science for the first time on the study of management processes and relationships, the specificity and the essence of the entity management**, that have been ignored previously.
- It provides a **superior background to understand and approach** the very complex, heterogeneous, and dynamic management elements.

- It contributes to focus the ways of thinking and theorizing on the essential components of management science from a **systemic perspective**, enabling faster and superior scientific advances.
- It offers a **coherent scientific framework** for management processes and relationships analysis and for the prevision of innovative theorizing.
- **It facilitates a consideration of the impact of societal transformations and challenges on management** concepts, principles, approaches, rules, and requirements, amplifying their innovative and dynamic content.
- It helps management science, directly and indirectly, **to remove outdated elements**, facilitating and accelerating the development and dissemination of innovative approaches and elements, in accordance with the transition to a knowledge and digital-based society. Management paradigm undoubtedly represents an essential element in the reinvention of management science, a goal that has been requested by numerous reputed specialists and bodies (Boston Consulting Group, 2020; Ghose, 2020; Hamel, 2009; Joly, 2021; World Economic Forum, 2017).

The management paradigm concept is very important for the management practice in entities, because it influences in many major ways, amplifying its strengths and performances. In summary, the contributions of a management paradigm are the following:

- It facilitates and accelerates the understanding, explanation, development, and **performance of the pragmatic content and innovative elements of management**.
- It provides a **superior basic framework for the relevant decisions, actions, and behaviors** implemented by management entities.
- It enables and accelerates the **reshaping of entity management components** starting with vision, strategy, and leadership, and ending with control-evaluation, motivation, and performance. This phenomenon occurs according to new management concepts, approaches, rules, and other theoretical–methodological elements provided by management science.
- It contributes substantially to a consideration of the vision, strategy, leadership, methods, culture, etc., of management entities to deal with **the impacts of contextual megashifts and challenges**, in the context of transition to a knowledge- and digital-based economy.

It increases the **capabilities of entity management** to face the difficulties and challenges generated by present and future crisis (economic, social, ecological, health, education, etc.).

In sum, a **management paradigm is a crucial philosophical, theoretical, and pragmatic turning point to increase the development and performance of entity management**. The valorization of the multiple

potential positive impacts of the management paradigm concept should be a priority for management science and practice in order to improve the functionality, development, sustainability, and performance of the economy and society.

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3 The Currently Predominant Manager–Subordinate General Management Paradigm

Emergence and Use of the Manager–Subordinate Paradigm

We have already indicated that as human communities appeared, it became necessary for people to work together, to cooperate, and to take and correlate decisions and actions. These represent the elements of management practice that determine the fulfillment of the desires, interests, and/or expectations of people regarding food, shelter, protection, and other needs that are necessary for survival and living. In this context, certain individuals because of native qualities and abilities—for example, the best hunter or the best warrior—have a major influence on the others and they exercise informally and formally a managerial position. They established the purposes to be achieved, what to do, when to do, etc., for others. In other words, they become leaders or managers, the others being executants of decisions and actions to be fulfilled. Thus, hierarchy appears. This represents the embryonic, incipient practical form of the manager–subordinate paradigm. Of course, at the beginning, these hierarchies and subordination relationships involve many informal elements. Over time, according to the development of society, the content and manifestation of hierarchy has changed continuously.

In a primitive commune, the first management frameworks took shape—mainly ginta, clans, and tribes. Within these communities, the management relationships were based frequently on hierarchy, exercised by the heads of ginta, clans, and tribes. There were also collective management bodies, like a general assembly of the community or a council of elders, which diminished the impact of hierarchy. During transitions, such as neolithic–paleolithic or the metal age, the formality and influence of hierarchy increased and the force and influence of collective management frameworks decreased.

During the slave era, macrosocial management frameworks such as a monarchy in Egypt, Babylon, and Persia; an empire in Rome and China; and city states in Greece (Athens and Sparta) developed. At the

microsocial level, the most used management frameworks were latifundia, craft workshops, trade organizations, and transport organizations. Management of these types of entities was based predominantly on hierarchy. Hierarchy was very strong in a monarchy, but less so in city states. Democratic management bodies were used to some extent, for example, the Senate in the Roman Empire and the citizen assembly in Greek city states. Entities usually did not use collective management frameworks; rather, management activities were based on strong power by the owner and hierarchy. During the slave era, there was a gradual strengthening of hierarchy and diminishment of the use and influence of collective management bodies.

The first theoretical management elements were developed during the slave era. They were usually royal and legal works—including Solomon's Book of Wisdom and the Talmud (Palestina), Anouf's Teachings to His Son Khari (Egypt), Arthashastra and the Law Code of Manu (India), and the Code of Hammurabi (Babylon)—that include references to the use of hierarchy. Hammurabi's code includes direct references regarding the rule of the hierarchy as background of the state management.

During the feudal era, especially the second part, there was very strong diversification of management frameworks and bodies, and an increase in their degree of hierarchy. At the macrosocial level, there are two main management frameworks: the state, organized like a monarchy and, for the first time, the religious systems organized as the papacy in Western Europe and the patriarchate in Eastern Europe. The religious systems often presented superior management quality and rigor compared with state management. At the microsocial level, there were many innovations in management frameworks. The most important and largely used were the craft and trade guilds, very-well-organized systems that formalize hierarchy and include with some democratic management bodies (e.g., general assembly and legal council).

Many books that contain numerous management elements were written during the feudal era. Among these, we mention: the *Book of Administration* and *the Treatise of Ceremonies*, written by emperor Constantine VII; *The Virtuous City* by Al-Farabi (an Arabic scientist); *Utopia* by Thomas Morus; *Testament of the Father to His Son* by Ivan Pososhkov; and *The Prince* by Niccolò Machiavelli. These books contain many references and comments regarding the manager–subordinate relationships and the use of hierarchy.

During the capitalist era, management frameworks and bodies have continued to diversify: they have become more complex and innovative at the macrosocial and microsocial levels. The state takes two main organization models: a constitutional monarchy and a bourgeois republic. Both have very complex management frameworks structured at many organizational

levels. Hierarchical structures and democratic structures such as parliament or senate are used concomitantly. The general trend has been to increase the use and impact of democratic approaches and to diminish the use and impact of authoritarian approaches.

At the microsocial level, there have been a wide variety of management frameworks for large, medium, and small organizations, with many specific elements in each branch of the economy and society. Very important and influential are international corporations, which are present in all major business sectors. In all types of entities, there has been a transition from empirical management, which predominated until the 20th century, to scientific management. The latter is increasingly based on the elements provided by management science, the foundation of which was laid by the books of Henri Fayol and Frederick Taylor and continued by numerous specialists, as mentioned in [Chapter 1](#).

Analysis of the management practice evolution and of the management science development in capitalism indicates a strong trend to reduce authoritarian elements, to humanize management relations, and to increase the participative and democratic approaches in management entities. Nevertheless, strong authority and hierarchy are central elements in entity management: they are used continuously in all its components.

Regarding **the communist era or system** from Russia, Poland, Romania, and Czechia, among other countries, we want to emphasize only one aspect. Although proponents of communism have always argued that they aim to develop a democratic society based on equality, the reality has been quite different. Communist management is based on the principle of democratic centralism, which is very powerful and bureaucratic centralism that aims to impose a communistic dictatorship on all components of society. This explains why in communism, management at macro- and microsocial levels has been very authoritarian and hierarchy has been exacerbated. Democratic bodies such as parliament (at the national level) or an employee assembly in companies have had more of a decorative role without real power. This type of management represents one of the main causes that led to the fall of communism in Central and Eastern Europe.

Finally, based on the previous elements and other analyses ([Bernacchio & Foss, 2024](#); [Harari, 2015](#); [Laloux, 2014](#); [Nicolescu & Verboncu, 1994](#)), we conclude **that hierarchy with manager–subordinate relationships have had a determinant role in the operation and development of all entities**. This started with the family; moved through the ginta, clans, tribes, villages, and kingdoms; and has reached the present modern states, cities, and companies. In the last century, innovative management elements have appeared to diminish the authoritarian approach and the limits of hierarchy.

Definition and Characteristics of the Manager–Subordinate General Management Paradigm

Definition and Facets

The manager–subordinate paradigm has been the longest and most influential general management paradigm. It explains to a large extent the characteristics, evolution, performance, and limits of management entities from the beginning of human mankind up to the present.

Similarly to other paradigms, the manager–subordinate paradigm presents **two facets**: theoretical–scientific and pragmatic–operational.

The theoretical–scientific facet regarding the concept, principles, requirements, and rules has not been sufficiently recognized as such until now. De facto awareness and recognition has just been realized in this book, together with the formulation of the management paradigm concept and its use in management science and practice.

The pragmatic–operational facet has been from the beginning (i.e., thousands of years) empirical management. It found itself both empirical and scientific management practice. The manager–subordinate paradigm has determined the development and performance of organizations and the progress of the economy and mankind from antiquity to modern times.

The manager–subordinate paradigm is based on management relationships and processes that use an authoritarian approach and strong formal hierarchy and involves two main components: the manager with the powerful formal authority and comprehensive competences, and the subordinate with fewer competences and less power who implements the manager’s decisions. Both act in an entity to attain its goals, usually a high profit, influenced by a heterogeneous, changing, and challenging context.

The manager–subordinate paradigm has not yet been conceptualized as such, so there is no analysis on this subject in management philosophy and theory.

In management practice, as we already have indicated, this paradigm is predominantly used in all types of entities. All management components—principles, strategy, policy, leadership, organizational structure, informational management system, decision-making processes, management methods and techniques, organizational culture, human resource management or entity performance—are based on it.

Main Characteristics of the Manager–Subordinate Paradigm

Below we present the **main characteristics of the manager–subordinate paradigm**.

- Regarding **management vision**, there are a large variety of approaches reflecting the differences in the education, knowledge, and personality of

a manager, on the types, characteristics, and features of entities. Essentially, management in all companies focuses on economic performance; treats the entity as a system; allocates a large amount of power and many competences and responsibilities to managers; develops managerial mechanisms based on strong authority and formality; uses leadership centered on results, paying special attention to the market; promotes innovations, with predilection in the technical field; considers tangible assets to be determinant for entity development; and encourages an organizational culture favoring work and good results. In the last decades, managerial concerns for adaptability, flexibility, sustainability, digital transformation, stakeholders, internationalization, and ecologization have increased.

- **The two constituents** of this management paradigm are the manager and the subordinate. There are two main types of managers. The first is the manager–owner of the business who has much more power than the hired manager, but frequently less knowledge and management talent. This type of manager is more common in private small or medium companies, and the trend is to reduce their number. The second type is the professional manager hired by owners or their representatives. They represent the majority of managers and possess rich management skills obtained from special management training and management practice in companies. The second constituent is the subordinate, usually an entity employee, an executant in the company. He/she possesses qualities and skills according to the execution job, specialized in the field for which he/she has been hired in the company. Compared with the manager, he/she has much less power and fewer competences and responsibilities. He/she has to fulfill the tasks incorporated in his/her job description and the decisions taken by the manager. In each entity, there are situations when the subordinate is not an executant, but rather a manager placed on the lower position in the company hierarchy. In this case, he/she should implement all decisions taken by his/her boss, like any other executant. The interactions and relationships between the manager and the subordinate have a great influence on the quality of management processes and relationships in and entity as well as its performance.
- **The company's interests are the only priorities in an organization**, although all participants in the management relationships and processes have their own interests. An owner–manager has interests regarding the functioning and performance of the company, which is his/her property. Managers and executants have organizational interests regarding their performance according to their job descriptions. The intensity of these interests depends to a large extent on the motivations used by company management. Managers are motivated via higher salary, bonuses, and other incentives. Hence, they have a greater interest in the good

functioning and performance of an entity compared with the executants. In the conception of management relationships and processes according to this paradigm, the only interests considered with priority are the **company's interests**, which are usually similar to the owner's interests. The real degree of consideration of the company's interests depends on the projection and implementation of all management components, starting with strategy and finishing with organizational culture, performance evaluation, and rewarding at the levels of company, organizational subdivisions, managers, and executants. Frequently, the overvaluation of the company's and owner's interests, neglecting to a large extent the other interests, has a notable negative influence on the company's performance and implicitly to its interests.

- On managerial functionality and performance, a consistent influence has the **organization objectives** to be achieved. The manager–subordinate paradigm focuses on the owner's and/or entity's objectives, which are established directly by the owner and/or indirectly by the top managers and/or top management bodies empowered with these competences and responsibilities by the owner. Specific to this paradigm is the fact that the most important organization objectives frequently only reflect the owner's and/or organization's interests, without sufficient consideration of other interests. The main objectives in well-managed entities are incorporated in strategies and policies that establish via a top-down approach the objectives of the organization's subdivisions and individual objectives of the employees. Realistic and motivational objectives are essential for good functionality and performance by each entity. Another specific aspect of the manager–subordinate paradigm is the fact that the objectives are determined only for the organization and its constituents, not referring to external stakeholders.
- **The ways that are used to determine the objectives and the tasks to be fulfilled in an organization** also influence the content and results of management. Command, consultation, collaboration, and/or negotiation can be utilized. The most frequently used way to establish the objectives and tasks in the manager–subordinate paradigm is command, based on hierarchy, starting from the owner and moving down to the least important executants in the organization. This type of approach helps to coordinate and harmonize the set of objectives and tasks within the company, structured from the top down. Consultation, cooperation, and negotiation are used much less frequently, but the trend in the last decades has been to amplify them, with positive impacts on the degree of motivation of human resources and management content and performance. Nevertheless, command, the authoritarian approach, is prevalent in the large majority of organizations.

- **The resources used and how they are approached** play an important role in the management of any organization. In companies based on the manager–subordinate paradigm, **two categories of resources** are utilized:
 - Company resources are represented by equipment, buildings, land, money, knowledge, etc. Usually, they are the property of the owner and represent the majority of resources used in the company.
 - Employee resources are represented mainly by the information and knowledge of employees. These resources are frequently approached similarly to company or owner resources.

The majority of company resources are tangible and considered to be the most important. Employee resources are intangible and their value and importance have been amplified rapidly in the context of the transition to a knowledge- and digital-based economy. The trend in companies is to pay more attention to the information and knowledge that employees possess, which represent the content of the intellectual capital, whose impact on entity performance and sustainability increases very fast and substantial. It is more difficult to equilibrate the approach to company and employee resources in companies where the authoritarian style and hierarchy are very strong.

- Within a company’s management, especially in the organizational structure, there can be several types of management relationships: hierarchical, functional, cooperative, and collaborative. In entities that practice the manager–subordinate paradigm, **hierarchical relationships are most frequent**. This means that the managers have a great amount of power reflecting the comprehensive set of objectives, tasks, competences, and responsibilities, with a high degree of formalization. Managers take decisions without consulting subordinates or only consult them to a small extent, transmitted to the subordinates as orders or commands, quite often in a formal way. The predominance of hierarchical relationships facilitates the unity of decisions and actions in entities, but affects the initiative, creativity, and participative approaches of subordinates. For this reason, we have seen a trend to decrease the use and intensity of hierarchical relationships and authoritarian leadership in the last decades, with a concomitant amplification of the other types of management relationships.
- **Communication** is notably present in management processes and relationships, with a major role in the decision-making processes, actions, and individual and organizational behaviors in entities. There are many types of communication: top-down, horizontal, bottom-up, dialogic, unidirectional, multidirectional, written, oral, and digital, among others.

All are used in entities, and each has certain advantages and limits. The manager–subordinate paradigm is characterized by the **massive utilization of top-down communication**. A lot of information comes from top management to the middle and low levels of management, and much less information is directed to top-level management. Bottom-up information flow is used much less often than top-down flow. This approach has negative effects on collaboration and cooperation inside an organization; on valorizing the talent, information, and knowledge of entity employees; and on the intensity of initiative and innovation. During the last half century, to reduce these negative consequences, entities have started to expand the use of horizontal, bottom-up, multidirectional, and, most recently, dialogic communication. As a result, top-down, unidirectional communication is less intense and formalized in written form and more digital and human, contributing to the better functionality and performance of entities.

- **Motivation of human resources** plays a central role in achieving performance and sustainability of the organization. The content and methods of motivation determine to a large extent the implication, efforts, initiative, and creative approaches of employees. In entities based on the manager–subordinate paradigm, a large variety of motivations and motivational methods are used, including rewards and punishments as well as financial and moral stimulants, which have beneficial effects for entities and for employees. There is a trend for diversification and enrichment of motivational approaches, a phenomenon that is more frequent in large companies managed by professional managers. Of course, there are some weaknesses, like too much emphasis on financial motivation and quantitative criteria in establishing the size of rewards and punishments, sometimes neglecting the motivation of the employees for the use and valorization of their intellectual capital. Motivational update is a key component of human resources management in companies.
- The general purpose of any entity is to obtain certain performance according to the owner’s approach and the company’s profile. All management processes and relationships in the organization should be shaped and unfold to fulfill the established objectives, to allow the organization to survive, function, sustain, and get performance. For a company based on the manager–subordinate paradigm, it is common to **focus on business performance**, most frequently profit, turnover, market share, and dividends. The quantitative dimension of business performance is the predominant concern of all management activities. In addition, performance is approached to a large extent on short term. In the last decades—mostly in professionally managed, large organizations—there has been a trend to consider to some extent of the other aspects of performance, with an

increased focus on its qualitative dimension and to middle- and long-term performance. This shift has not altered the main features of management based on the manager–subordinate paradigm but has helped entities to face better the present very complex challenges, suggesting the necessity of more profound and comprehensive transformation in management, required by the rapid contextual development and the changes in the nature, structure, and relationship of entities resources, assets, activities, relationships, etc. A focus on the business performance continues to be the prevalent feature of management in a large majority of companies throughout the world. In [Table 3.1](#), we synthesize these **features**.

Table 3.1 Features of the manager–subordinate general management paradigm

<i>No.</i>	<i>Parameter</i>	<i>Characteristics</i>
1.	Management vision	<ul style="list-style-type: none"> • Focus on the owner’s interests and objectives using authoritarian management relationships, mechanisms, and approaches
2.	Components	<ul style="list-style-type: none"> • Priority to business performance • Organization manager (owner) • Organization executives
3.	Main interests to be considered and followed	Owner and/or organization interests
4.	Objectives to be fulfilled	Owner and/or organization objectives, which reflect the main owner’s interests
5.	Ways to determine the objectives and tasks to be fulfilled	Top-down approach, the manager using his/her authority to determine subordinate objectives and tasks, even by imposing them to subordinates
6.	Main resources to be used	<ul style="list-style-type: none"> • A large variety of organization resources (equipment, land, buildings, knowledge, computers, money, etc.) that are the owner’s propriety • Employees’ skills, information, and knowledge are usually approached and used similarly to company resources
7.	Nature of human relationships used	Predominantly hierarchical, with a strong formal, authoritarian dimension
8.	Types of communication used	Predominantly top-down communication
9.	Motivation involved	A variety of ways to motivate, using both rewards and punishments, frequently paying attention predominantly to financial motivation
10.	Performance to be achieved	Predominantly business performance, frequently with an emphasis on quantitative aspects and the short term

Organization management based on these characteristics has been considered from the beginning of mankind as the normal way to manage entities. This has represented the **fundamental belief of most entity owners and managers and for a large part of population**. It has represented the psychological support for manager–subordinate paradigm adoption, implementation, and functionality all over the world in the majority of the entities. During more than two millennia, this management paradigm has been accepted and practiced because it has corresponded to the development level of the economy, to the mentality and education level of the population, usually providing functionality and good results in entities.

The development of the economy and society from the humanity beginning until the present has demonstrated the value, utility, and potential of the manager–subordinate paradigm.

This management paradigm has been accepted and practiced because it has corresponded to the development of the economy and to the mentality and level of education of the population, usually providing good functionality and results in entities.

Starting with the second half of the 20th century, there have been limits, some very consistent, in management practice. Thus, in many companies, management has changed and does not follow the content and characteristics of the manager–subordinate paradigm. Concomitantly, many specialists have asked for profound changes in the vision and approach, of the organization, company strategy, management systems, decision-making processes, human resources management, leadership, management stakeholder treatments, etc. More than this, some of them have pleaded even for the management reinvention even a reinvention of management (Bridoux et al., 2024; Freeman, 2017; Hamel, 2009; Nicolescu & Nicolescu, 2021; Radjou, 2020; Schwartz et al., 2019; World Economic Forum, 2017).

Managerial and Philosophical Significance and Impact of the Manager–Subordinate Paradigm

In Management Science and Practice

The manager–subordinate paradigm offers an innovative perspective on entity management, which could represent the background for the deeper and more comprehensive understanding and development of management theory and practice due to the following **changes and contributions**.

- **It is the first general management paradigm concept in management science** that represents an important scientific contribution to its development. By incorporating and intercorrelating new and essential elements of management and organization—a specific vision of the management, and organization, the two constituents of the management relationships and processes, an innovative framework of their analysis, managerial features, and the theoretical–scientific and pragmatic–operational facets—the manager–subordinate paradigm provides a comprehensive and innovative background for management science and practice.
- **It helps to better understand the core of management science and practice** regarding the manifestation of management processes and relationships and of the management mechanisms involved in different entities throughout history. Using the manager–subordinate paradigm to analyze the present complex evolution of management, organization, and their context, and of many crises faced by economy and society, generates information to better understand reality and elaborate new management and organizational approaches and solutions.
- **It provides a new framework for analyzing the content and development of management practice** from antiquity to present. This framework generates superior understanding of the strengths and weaknesses of management activities based on the authoritarian approach and strong hierarchy, the two constituent types of managers and executives.
- **It assures an innovative analysis of all major organization management components**—strategy, leadership, management system, organizational structure, decision-making processes, informational system, managerial methods and techniques, human resources management, management culture, and managerial performance—**from a new perspective**. The use of the manager–subordinate paradigm reveals new elements for each management component and to project better solutions for the management field and organization as a system.
- It represents a **good theoretical background to accelerate the development of management science and practice** by revealing the limits and challenges of the present organization management. Concomitantly, it provides certain elements favoring innovative management approaches, which necessary in the very complex and dynamic context for entities.

Based on these elements, the manager–subordinate general management paradigm should contribute to accelerate the transition and use in organizations of innovative management approaches, which are able to perform better in the new political, economic, social, ecological, and digital realities.

In Management Philosophy

Analysis of the importance and impact of the new general management paradigm manager–subordinate **for philosophy**, especially for the new branch—management philosophy—indicates the following **relevant aspects**:

- **The development of a paradigm concept is a creation of philosophy** (Kuhn, 1962) and the manager–subordinate paradigm is the first application of this concept to produce a general management paradigm, besides the previous partial management paradigms. As the first general management paradigm for management practice, it provides better premises for the philosophical approach of the management realities over time.
- The manager–subordinate paradigm represents also represents a **component of management philosophy**. From this point of view, the manager–subordinate paradigm should contribute to the construction and development of the new branch of management philosophy.
- The manager–subordinate paradigm has an **important contribution in the epistemology of management**. It represents new knowledge with a theoretical–scientific facet dealing with the essence of management processes and relationships from antiquity to the present. This new management concept and approach favors the development of novel philosophical and management knowledge.
- The manager–subordinate paradigm could be very useful in the **ontology of management**. Theoretical and methodological elements specific to this paradigm facilitate ontology in at least two directions: the study of management practice in the past and present, as its innovative features facilitate a deeper philosophical analysis of management; and it allows the study of manager and subordinate, the two major components of management processes and relationships, revealing new characteristics and interpretation from both philosophical and managerial points of view.
- The manager–subordinate paradigm represents a **new management field for management philosophy**, which has not been found in the previous philosophical scientific works. This will enrich the topics of management philosophy and introduce into the philosophy literature some new management aspects. We believe that this will undoubtedly accelerate the development and maturation of management philosophy.

The above elements **refer to the importance and impact** of the manager–subordinate paradigm in management science and philosophy and demonstrate the utility of the joint approach of a major management topic. Such an approach focuses on one of the most important management topics, is largely beneficial to both sciences, and contributes to management development and performances in entities, which face an increasing number of difficulties and challenges.

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4 Innovative Elements in Current Organizational Management Theory, Practice, and Philosophy That Necessitate a New General Management Paradigm

In this chapter, we focus on the innovative elements that express the necessity and possibility of a new general management paradigm. We group them into four categories:

- The societal context of the organization and management.
- Management practice.
- Management theory and philosophy.
- The limits of the manager–subordinate paradigm.

Grand Societal Challenges, Megashifts, and Major Changes in the Organizational Context

The organizational context is represented mainly by the business environment. It includes an organization's exogenous elements—technical, economic, social, demographic, cultural, scientific, ecologic, political, medical, legal, military, etc.—that influence the provision of the objectives, obtaining of resources, decision-making, and decision implementation. During the last centuries, the business environment has changed very fast and intensely. Four major changes in the business environment have been proposed in a new concept known as VUCA: volatility, uncertainty, complexity, and ambiguity (Bennett & Lemoine, 2014; Garrow & Varney, 2015). They represent the background for the manifestation of grand societal challenges. As a consequence, the mankind has centered—according to certain specialists (Bridoux et al., 2024; Gariel & Bartel-Radic, 2024)—in an age of a disruption related to unexpected pandemics, racial injustice, social and economic inequity, rising nationalism and threats to globalization, evolutions, and revolutions in technology, enduring problems of climate change or dislocations, unrest, and unimaginable after effects of continuing social and political conflicts. This is a new normal, which effects a modified state.

From the point of view of organizations, there are several essential challenges and changes in society and the economy. The most important are focused on stakeholders, knowledge, and digitalization.

Transition to Stakeholder Capitalism

In the last decades, an increasing number of specialists have concluded that the shareholder value ideology, the basis of capitalism, has failed and have appeared the contours of human capitalism (Bhattacharya, 2020; Lewin et al., 2022). It is necessary to reshape capitalism, to reinvent it, is time for stakeholder capitalism. Similar statements have made other renowned specialists (DesJardine & Shi, 2022; Hunt et al., 2020; Joly, 2021a; Mazzucato, 2021). According to Joly (2021a), it started the “the stakeholder era” and he considers that we need today a refoundation of business and capitalism, so we can build more sustainable future. It is time for business leaders to embrace a declaration interdependence that prioritizes the common good and recognizes the humanity of all stakeholders. Lewin et al. (2022) identified an array of issues and major difficulties including the undercurrents driving short-termism, the need to better incentivize long-term investing and innovation, the insularity of corporate governance, the undesirable side effects of shareholder value maximization, the challenge of unfolding digital industrial revolution, the changing nature of work, the emergence of new powerful tech giants, and the forces driving deglobalization, and the gradual decoupling of the world’s two largest economies.

Three decades of governance reforms, included those regarding corporate social responsibility (CSR), have proved to be inadequate to forestall adverse outcomes. The worldwide financial crisis, as well as mounting concerns about the legitimacy of capitalism as it is known today, potentially undermines the long-term viability of the business system (Lewin et al., 2022). According to Zuboff (2022), capitalism in its current form faces an “existential threat.”

It was proposed the “purposeful-for-all stakeholder capitalism” that involves a change from a business-centric to a society-centric focus (Wickert, 2021). It is based on four assumptions:

- Humans have goals and interests that go beyond the self.
- Humans care about the true, good, and beautiful, not merely the material.
- Humans want to self-actualize—they want to develop their intellectual, psychological, moral, physical, and vocational capacities.
- Humans are enmeshed with each other and with nature—they want to contribute to their communities and the common goal (Lewin et al., 2022).

Stakeholder capitalism changes the philosophical paradigm from the singular goal of a business to maximize shareholders' wealth to that of enhancing the well-being of all stakeholders: shareholders, investors, managers, executives, clients, suppliers, local communities, etc.

The transition to stakeholder capitalism involves radical changes in organizations and management:

- A worthy purpose that inspires all stakeholders.
- Genuine caring for their employees, who are carefully selected, highly trained, well compensated, and treated with respect.
- Employees become more deeply engaged, learn more, perform better, treat customers very well, turn over less frequently, and become ambassadors for their company.
- Delighted customers spend more and more, resulting free advertising and less marketing, customers became brand ambassadors.
- Gross margins run smaller with revenues heavily invested in employees, products, and operations. In addition, profits are steady reinvested in the company and shared with employees, community, and other external stakeholders (Lewin et al., 2022).

Companies that follow stakeholder capitalism are based on multistakeholderism (Knowles & Hunsaker, 2022).

Transition to a Knowledge-Based Economy

In the last part of the 20th century, the knowledge revolution or industry revolution 4.0 commenced in most developed countries (Bouchez, 2014; Lewin et al., 2022). We prefer to utilize the term **knowledge revolution** because it indicates the new essential element in the present revolution, namely, knowledge. Essentially, the knowledge revolution refers to a fundamental change from an economy based mainly on physical, tangible resources to an economy based predominantly on knowledge, an intangible resource (Foray, 2009; Nicolescu & Nicolescu, 2011; Stewart, 1998). This revolution is based on the determinant role of knowledge within the modern economy and the increasing economic impact of technology, digitalization, information, human capital, and organizational capabilities and competences, all of which are very closely connected to knowledge.

The result of the knowledge revolution is represented by the development of the new **knowledge-based economy**, which we define as an economy characterized by the transformation of knowledge into essential raw material, capital, product, and production factors and by economic processes within the knowledge generation, purchases, sales, learning,

uses, developments, sharing, storage, valorization, and protection become predominant, and decisively determine productivity, profitability, inclusiveness, durable development, and long-term sustainability (Nicolescu & Nicolescu, 2021). The main features of a knowledge-based economy are presented in Figure 4.1.

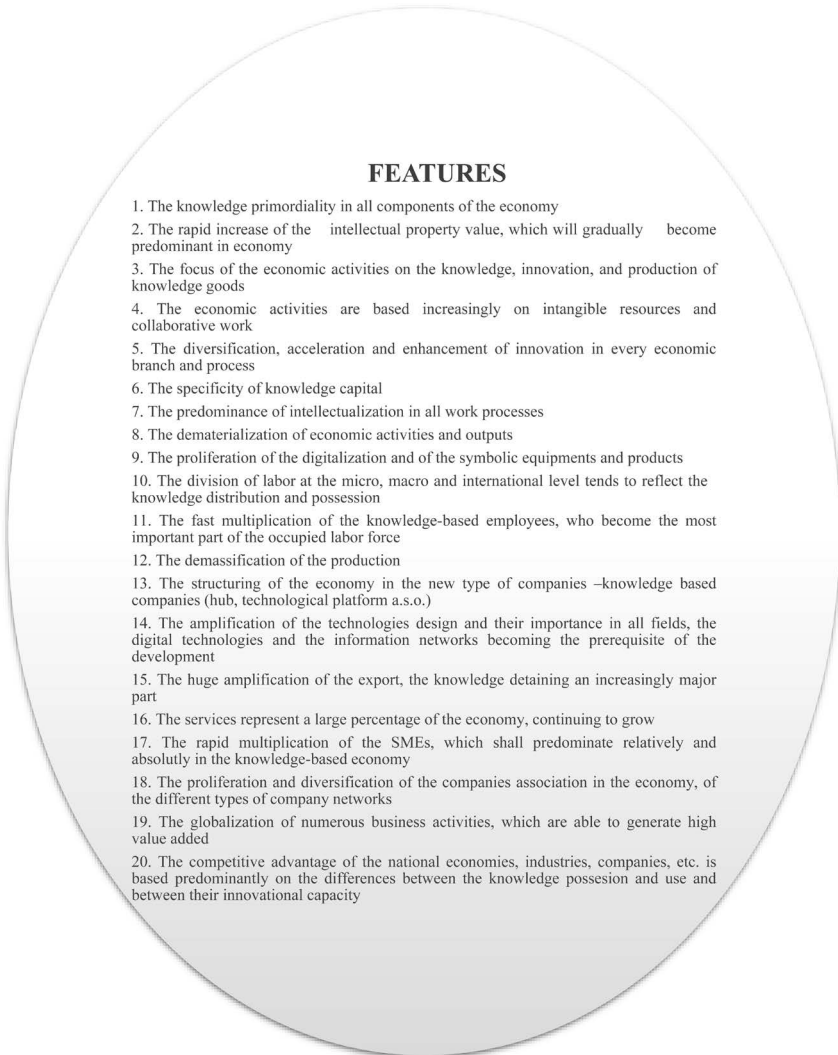


Figure 4.1 The features of a knowledge-based economy.

Adapted from Nicolescu and Nicolescu (2021, p. 30)

A knowledge-based economy is developing very fast and is strongly connected with the digital revolution. The knowledge-based economy is developing very fast in the strong connection with the digital revolution. The knowledge-based economy has as component a new type of organization—knowledge-based company, where is practiced a new type of management—knowledge-based management. One common feature of them is the focus on the organization internal and external stakeholders of those knowledge and information have a decisive impact on the economic, social, ecological, and educational performances.

Transition to a Digital Economy

In the last decades, the **digital revolution** has occurred concomitantly with the knowledge revolution. [Unruh and Kiron \(2017\)](#) proposed a framework for understanding digitalization and its implications, which in our opinion is very helpful ([Figure 4.2](#)).

This framework includes **three phases of the digital revolution**:

- **Digitization** refers mainly to the products and services changed from analog to the digital format. The main result of this phase has been digitized products and services.
- **Digitalization** has focused on the organizational level, involving industries in which have been developed new business models and processes capable of valorizing the benefits of the newly digitized products. The main result of this phase has been new organization models and processes.
- **Digital transformation** has occurred at the level of the entire economy and society, because of the large-scale diffusion of new technologies. The main results of this phase, which continues rapidly, are major changes in structures, mechanisms, behaviors, and performance of the economy and society. These transformations are both positive and negative.

The technologies that have made a major contribution to digital transformation and that will likely have a greater impact in the following decade include artificial intelligence (AI), the Internet of Things (IOT) and connected devices, big data analysis and the cloud, custom manufacturing and 3D printing, robots and drones, pervasive computing, biotechnology, machine learning, nanotechnology, social media and platforms, and autonomous vehicles ([Ben-Ner & Siemsen, 2017](#); [Fisher, 2017](#); [Furr et al., 2022](#); [Pigni et al., 2016](#); [Chamorro-Premuzic, 2021](#); [Renieris et al., 2022](#)).

The digital revolution has had multidimensional technological, economic, managerial, ecological, and human effects. We present a selection of

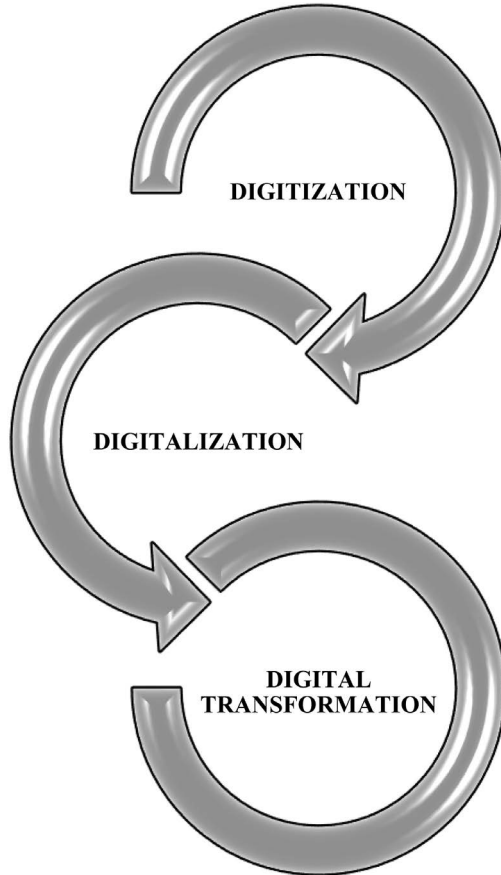


Figure 4.2 A framework for understanding digitalization.

Adapted from [Unruh and Kiron \(2017, p. 3\)](#).

the **major effects of the digital revolution** based on representative scholars and organizations in the field ([Boston Consulting Group, n.d.](#); [Bukht & Heeks, 2017](#); [Dahlman et al., 2016](#); [Meyer, 2017](#); [Rifkin, 2016](#); [Schwab, 2016](#); [World Economic Forum, 2018](#)): a change of consumer expectations; cheap and better technologies; the falling cost of advanced technologies; product enhancement; the development of collaborative innovation; a more connected world (facilitated by lower connection costs); rapid proliferation/extension of networks, three big impacts on the labor markets (substitution, augmentation, and creation); disruption of existing economic processes,

systems, and sectors; the reshaping of existing consumer behavior, business interaction, and business models; the restructuring of the economy and society; deepening inequality in society; decreased trust in all technology sectors; a positive contribution to the decoupling of economic growth from an increase in emissions and resources; increased productivity in many sectors; new opportunities for leisure, artistic expression, and a healthier future; and the generation of new risks, challenges, and opportunities for individuals, organizations, economies, and societies.

The generic results of the digital revolution are—according to its three phases—the digital sector, the digital economy, and the digitalized economy.

The digital sector is defined as “that part of economic output derived solely or primarily from digital technologies, with a business model based on digital goals and services” (Bukht & Heeks, 2017).

The digital economy “encompasses both the core digital sector and also the broader range of extensive digital activity, without claiming that all digitized activity is part of the digital economy” (Bukht & Heeks, 2017).

The digitalized economy is the result of the digital transformation, and it is more comprehensive quantitatively and higher from a qualitative point of view than the digital economy.

There are relationships between a knowledge-based economy and digital/digitalized economy. A knowledge-based economy is more comprehensive, complex, and multidimensional than a digital/digitalized economy. A knowledge-based economy incorporates a digital/digitalized economy entirely. At the same time, it is important to emphasize that a digitalized economy is an essential component of a knowledge-based economy, and it plays a major role in its development.

In the near future, it is necessary to use systemic and realistic approaches, not reactive but proactive, at the global, national, and organizational levels to harness the huge potential of all types of knowledge and digital transformations. This will determine major changes in companies and management and involve all internal and external stakeholders.

The Influence of Megashifts

In the business environment, in the context of the three transitions to stakeholder capitalism, a knowledge-based economy and society, and a digital/digitalized economy, we should notice the **increasing intensity and influences of the megashifts** (Figure 4.3). These megashifts have had a consistent yet diversified impact on organization and management theory and practice.

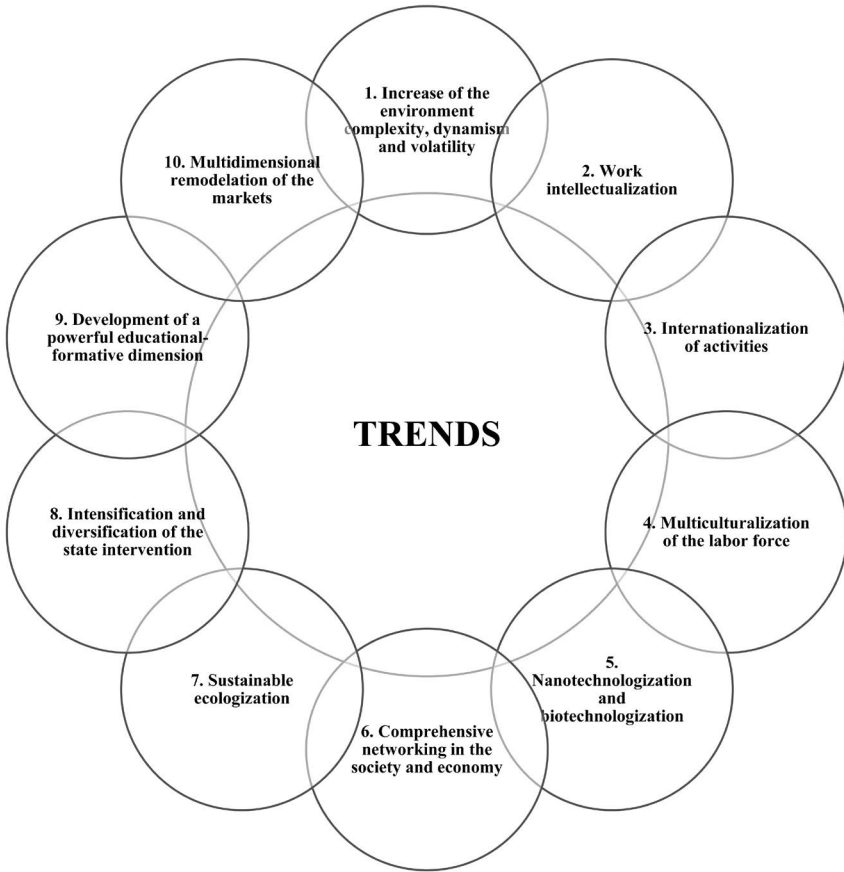


Figure 4.3 The main trends—megashifts—in the organizations that have changed the business environment.

Adapted from [Nicolescu and Nicolescu \(2021\)](#), p. 53)

We consider the following **three remarks** to be particularly important:

- All processes and relationships at the macro- and microlevels become more complex, democratic, and collaborative. They are centered on information, knowledge, and human resources, which create, utilize, and valorize them.
- Grand societal challenges, contextual transitions, and megashifts amplify, diversify, create, and/or reveal new challenges, and impose innovative concepts and approaches, all of which have strong implications on entities and stakeholders.

- Management theory and practice at macro- and microlevels has not yet been developed sufficiently to handle these transitions and megashifts, to offer performant solutions to many major problems. This inability explains to a large extent why economic, social, and ecological crisis have increased in number and intensity over the last half century.

We conclude that it is imperative to develop a new type of management theory and practice that better valorizes the many opportunities provided by contextual transitions and changes, to face successfully grand societal challenges, and to anticipate and to prevent or diminish the threats.

Innovative Approaches and Concepts in Organization Management Theory and Philosophy Involving Stakeholders

Alongside the major changes in society and the economy, there have been deep changes in organizations and their management. These changes have involved very intense connections and interdependencies. Below, we discuss the **main innovative approaches of organizations and management in which stakeholders play a major role.**

We start by emphasizing the fact that a great number of renowned management specialists, top managers from high-performing companies, and prestigious organizations have identified the necessity and possibility of **radically remodeling organizational management.** Among these, we highlight the Renegade Brigade Manifesto (Hamel, 2009), conceived at Harvard University, and the strategic document “The Compact for Responsive and Responsible Leadership—A Road Map for Sustainable Long-Term Growth and Opportunity,” which was elaborated by 100 leading businessmen and finally adopted at the Davos Forum in 2017 (World Economic Forum, 2017). In the Renegade Brigade Manifesto, 136 leading professors, consultants, and managers from the United States, Europe, and Canada concluded that “modern management (management 1.00) which dates back to the late 19th century has reached the limits of improvement and they have laid out a road map for inventing management in order to construct management 2.0.” According to the strategic document adopted at the Davos Forum in 2017, there is a need for a compact that recalibrates the relationships between public corporation and their major investors and conceives corporate governance as a collaboration among a corporation’s shareholders and other stakeholders working together to achieve long-term value, to build trust and effective stewardship, and to generate benefit for all stakeholders. In the context of the COVID-19 pandemic, the need to rethink the role of business, management, and leadership has been emphasized even more (Blok, 2021; Boston Consulting Group, 2020; Carlsson-Szlezak et al., 2020; Ghose, 2020; Narayandas et al., 2020; Nicolescu & Nicolescu, 2021; Waldron & Wetherbe, 2020).

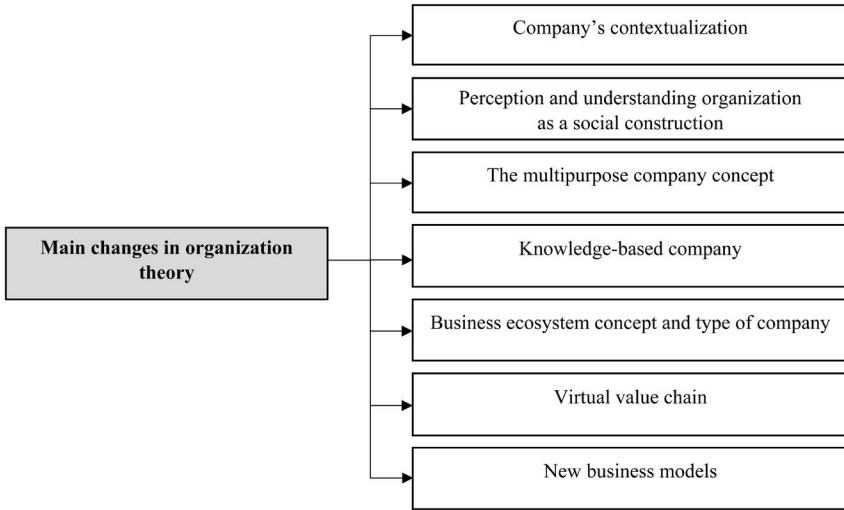


Figure 4.4 The main changes in organization theory.

Main Changes in Organization Theory

There are already several innovative visions, concepts, and approaches that represent important steps **in the remodeling and reinvention of organization theory**. Figure 4.4 highlights seven of them that we consider to be the most important.

- **A company’s contextualization** refers to the amplification of the influence of the external environment on a company’s objectives, resources, activities, functionality, performance, and sustainability, concomitantly with the multiplication and acceleration of the companies’ inputs and outputs.
- **Organizations, including companies, can be perceived and understood as social constructs**. This reflects the trend to move from business centric to society centric, meaning that a company is an artifact created by humans to serve their ends. Organizations are shaped by human purposes and do not exist interdependently of human minds and actions. Companies are systems of human action in which means and ends are guided by intentions, strategies and hoped for the incomes. They are in effect created by meaning with a rich tapestry of cultural rules, roles, and intentions (Coghlan, 2016).
- **Appearance of the multipurpose company concept** because financial performance should no longer be the sole pursuit of enterprises.

According to Ignatius (2019), companies are being pushed to consider the interest of all their stakeholders including employees, customers, and the community, not just those of their shareholders. A company's purpose should be meaningful, authentic, credible, powerful, and compelling (Joly, 2021b). A company should pursue four types of harmonized objectives: economic, social, ecological, and educational.

- Development of a new company type and concept—**knowledge-based company** that relies on an equilibrated approach from economic, ecological, social, and educational points of view. It effectively valorizes knowledge and other available resources of the main stakeholders, generating long-term efficiency and multidimensional performance validated by the market and recognized by society. A knowledge-based company is a sustainable enterprise that establishes long-term objectives and has the capacity to fulfill them through intensive use of knowledge and intellectual capital, producing multiple positive effects for an organization, its stakeholders, and the environment. A digital company is a very important type of knowledge-based company that is characterized by the widespread use of digital technologies and intensive use of digitization, digitalization, and digital transformation. A digital company is very innovative and flexible, focuses on up-to-date knowledge, is closely associated with digital technologies, and should predominate in the medium and long terms (Unruh & Kiron, 2017; Unruh & Kiron, 2018).
- **The business ecosystem concept and type of company** represent a special form of a knowledge-based company that is radically different from a classical company. A business ecosystem is a flexible and adaptable network of organizations, suppliers, producers, distributors, customers, competitors, and other stakeholders that interact on the delivery of specific products or services, both through cooperation and competition. This ecosystem is generated by transforming companies from being product driven to networking driven (Puranam et al., 2014; Uden et al., 2007; Williamson & De Meyer, 2012). In the context of digital transformation, special attention has been paid to the **digital ecosystem** (Puranam et al., 2014; Uden et al., 2007; Weill & Woerner, 2017; Zhu, 2015), which represents a new type of ecosystem. It is an open social–technical system, based on the collaborative community model, that focuses on the production and distribution of knowledge-intensive products and services and uses largely digital technologies. The properties of the digital ecosystem are self-organization, scalability, and sustainability. In recent years, AI ecosystems have proliferated quickly (Bughin & Hazan, 2017; Halper & Stodder, 2016). In the global economy, a large variety of digital ecosystems have developed

(Dini et al., 2005; Dushnitsky et al., 2016; Iansiti & Lakhani, 2017; Puranam et al., 2014; Van Alstyne, 2016; Van Alstyne et al., 2016; Williamson & De Meyer, 2012; Visnjic et al., 2016): hubs, digital platforms, industrial mash-ups, global digital centers, smart cities, fab labs, and living labs.

- **The concept of virtual value chain**, an essential constituent of a modern company, reflects the fact that every business competes in two worlds: a physical world of resources that managers can see and touch, and a virtual world made of information and knowledge (Rayport & Sviokla, 1995). A virtual value chain is an integrated system rather than a set of related activities. It incorporates five generic value-adding steps, which are virtual in that they are performed through and with information on each activity in the value chain: gathering, by shifting and extracting digital information; organizing, by storing the information in special ways, making it easy to retrieve and use; selecting, by choosing information to add value to the operation; synthesizing, by placing the information into context for users; and distributing, through the transmission of synthesized information to users. This virtual value chain represents a matrix of potential inputs and outputs that can be accessed and distributed involving a large array of relevant stakeholders able to generate consistent competitive advantages.
- **Developing new business models for companies** that synthesize the economic background of the entity and design the logic of the essential business and management processes and relationships to be high performing, which are radically different compared with the classical ones. The main characteristics of a modern business model are: it is based on the internal and external stakeholders, integrated into a global network; it is based on the virtual value chain of the organization; it incorporates essential elements of humanistic management and emotional intelligence; it is conceived and operated based on negotiations and sustainable relationships among stakeholders; it is focused on the sustainable development of the stakeholder network, centered on the organization; and it generates sustainable multidimensional performance for the company and its relevant stakeholders. The new business models focused on stakeholders provide the background for multidimensional performance for a company and its stakeholders (Garcia-Castro et al., 2017; Laasch, 2018; Nicolescu & Nicolescu, 2021).

Innovative Elements in Management Theory

There have been many innovative concepts and approaches in the field of organizational management over the last decades. Here, we succinctly

describe the philosophical and scientific management concepts and approaches that involve internal and external stakeholders (Figure 4.5).

- The first and most comprehensive and impactful management mutation is the **conceptualization of knowledge-based management**. In fact, knowledge-based management represents a new branch of management science, based on management philosophy. Knowledge-based management resides in the study of management processes and relationships based on knowledge to discover the laws and principles that govern them and to conceive new systems, methods, techniques, and ways of management to ensure obtaining, maintaining, and increasing organization's

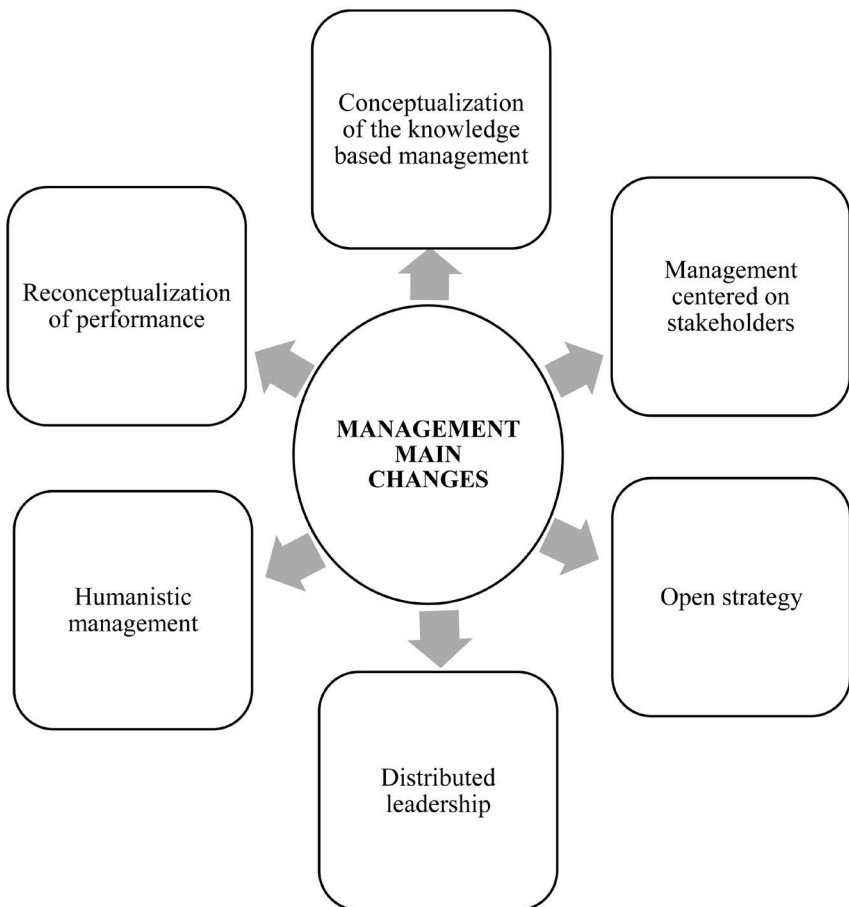


Figure 4.5 The main changes in management theory.

functionality and economic, social, environmental, and educational performance. It involves valorization of the great valuable valences of knowledge and digital transformation (Nicolescu & Nicolescu, 2021). The background of knowledge-based management involves the multiple fundamental roles of knowledge in modern companies. Knowledge is a very important raw material, means of production, product, and resource that facilitates a competitive advantage. Knowledge is the content of intellectual capital, which has gradually become the most important capital in the smart digitalized economy. Knowledge-based management involves new conceptual approaches for the entire management system and specific management principles generating profound changes in the classical managerial tools and approaches (Burton-Jones, 1999; Chamorro-Premuzic, 2021; Furr et al., 2022; Nicolescu & Nicolescu, 2021; Reeves et al., 2024).

An essential feature of knowledge-based management is a greater focus on human resources, which have a determinant role in the creation, use, and valorization of knowledge. Here, human resources include not only company employees, but also external individual stakeholders and they are managed from the knowledge treatment and valorization perspectives. Concomitantly, a major emphasis is on the consideration of the capabilities of the digital transformation in all management components of a company. Currently, management is characterized by the increased importance and impact of knowledge, stakeholders, and digital transformation. The conceptual changes in management presented below also represent to a large extent the new content for knowledge-based management science and philosophy. It is necessary to remodel companies, organizations, and their management.

- A request for the elaboration and practice of a **new type of management centered on stakeholders** has emerged in the management literature. This idea has been very well formulated by Freeman (2017) in the foreword of a well-known book edited by Andriof et al. (2017): “The need for a new era of management thinking and one based on the idea of stakeholders. We need to rewrite management theory and practice.” Many other specialists have sustained the need to refocus management theory and practice on stakeholders (e.g., Bundy et al., 2018; Harrison et al., 2022; Johnstone-Louis & Love, 2021; Worsley, 2016). Moreover, others have stressed that more attention and consideration for stakeholders represents the main option to remodel business and especially companies (DesJardine & Shi, 2022; Polman & Winston, 2021; Priem et al., 2019; Romeo et al., 2020; Tarabishy, 2019). According to Joly (2021a), one of the best CEOs in the United States, we need business

leaders who prioritize the common good and recognize the essential impact of stakeholders.

Reconceptualization based on stakeholder theory of a company as a “multipurpose entity” (Crane et al., 2014; Mitchell et al., 2015) opens the door for de facto integration of stakeholders into the company’s strategy for functioning and performance. Management practice illustrates this new theoretical undertaking via the development of specific and efficient managerial mechanisms for certain important stakeholder categories, including customer relationship management (CRM), supply chain management (SCM), and CSR.

- Conceptualization and rapidly dissemination of the **open strategy concept** in companies as opposed to the closed strategy, which has been utilized during the last centuries. The dominant feature of the open strategy is activity involving stakeholders outside top management in a company’s strategic process (Levin & Downes, 2022; Schwarz, 2020; Seidl et al., 2019). These are internal stakeholders, middle- and low-level managers, and specialists in various fields, and external important stakeholders such as local communities, investors, customers, suppliers or research, and development and consulting organizations. The open strategy has two dimensions: openness in terms of the inclusiveness and participation of stakeholders in making strategy, and transparency in strategy formulation and communication. The open strategy seeks and uses the ideas, knowledge, and technologies of internal and external stakeholders. It is part of a larger social trend toward greater degrees of openness to the stakeholders in all domains of life, like open innovation, open science, open-source software, and open government, among others.
- **Development of new concepts regarding leadership (democratic, shared, collective, collaborative, emergent, or distributed; Bolden, 2011; Bradt et al., 2022).** The common features are the renouncement of the traditional model of the leader-hero, who saves and knows all; is the smartest person in the room; and it is too often driven by power, fame, glory, and/or money (Joly, 2022). Rather, leadership should be approached as a social process that enables individuals to achieve collective results together. **Distributed leadership** is the concept and management practice that is used most frequently. In essence, distributed leadership is conceived from a systemic perspective as a collective social process emerging through interactions of multiple stakeholders, fostering strong relationships with individuals and teams and ensuring organizational goals are achieved (Bolden, 2011; Ready, et al., 2020). Concerted action, interconnectivity, and multipurpose orientation are the specific dimensions of distributed leadership. To be effective, distributed leadership needs to be widely shared and to balance different “hybrid configurations” of practice, considering the characteristics of

executants, managers, and other stakeholders involved in the leadership network. Distributed leadership valorizes to a higher level the knowledge of internal and external stakeholders, amplifies the creativity and entrepreneurial approaches, and increases the cohesion and functioning of the organization.

- **Humanistic management** is very strongly connected to humanizing business, humanistic economics, and the humanistic management movement beginning in the early 21st century and inspired by recent trends. There are many and different concepts, approaches, and methods of humanistic management (Dierksmeier, 2016; Melé, 2016; Pirson, 2017; Town et al., 2024; Von Kimakowitz et al., 2021). Essentially, humanistic management is a people-oriented philosophy and vision of management that seeks profit for human ends. It refers to the consideration of a variety of human capacities and fostering them to contribute to better performance. Humanistic management theory places a great emphasis on interpersonal relations of the company managers and executants, the internal company stakeholders. In ecosystems and other knowledge-based companies, humanistic management has started to include relevant external individual stakeholders. Humanistic management aims to create more balanced relationships between those things that can be exchanged on the market and those that are not, but that make life worthwhile (i.e., well-being and dignity). The implementation of humanistic management leads to many transformative changes in company strategy, policy, leadership, management methods and procedures, decision-making processes, organizational culture, and remodeling. Humanistic management recognizes the importance of social needs of each employee and the effects of group dynamics, efficiency, and productivity.
- **Reconceptualization of the company performance concept and approach.** In the last decades, conceptual mutations regarding a company and its management—including multipurpose organization, knowledge-based enterprises, new stakeholder theory, the open strategy, virtual value chain, distributed leadership, learning organization, and humanistic management—have determined the new approach to a company's performance, concept, and methodologies. Traditionally, a company's performance has been conceived, approached, and practiced from the financial point of view, most frequently profitability, revenue, liquidity, and market position. The trend now is to consider business performance in a holistic approach, as the company's ability to profit from the available resources, its own or those of its stakeholders, and to attain its multidimensional objectives and sustainability. The majority of specialists consider that a company's performance presents four dimensions: economic, social, environmental, and educational (e.g.,

Argenti et al., 2021; Farri et al., 2023; Harrison et al., 2022; Shafer, 2015). Classical economic performance is demanded by all company's stakeholders and is essential for the organization's survival and development. The other three dimensions impact both company and its internal and external stakeholders: employees, customers, suppliers, local communities, investors, contractors, etc. In this vision, performance is heterogeneous regarding employee engagement, employee knowledge, employee creativity, customer satisfaction, environmental protection, and energy consumption, among other factors. Usually, social, environmental, and educational performance has a consistent impact on the long-term success of a business. There are strong interdependencies among these dimensions, ensuring a balanced approach that facilitates sustainability and fruitful relationships with internal and external stakeholders. The performance of a company is measured by using quantitative and qualitative key performance indicators. Recently, Harvard Business School has begun to utilize non-financial key indicators and to evaluate intangible assets, such as research capabilities, brand loyalty, and customer relationships, reflecting the proliferation of the knowledge-based companies and the augmented role and impact of stakeholders.

The innovative philosophical and scientific management presented above illustrates the major progress in company management. Nevertheless, it should be developed further, in a new vision able to better valorize knowledge, stakeholders, and digitalization, the new vectors of companies, the economy, and society, contributing to a reinvention of management.

New Management Approaches and Mechanisms in Organizations Focused on Stakeholders

During the last decade, many management approaches and mechanisms that focus on relevant external and internal stakeholders have developed and proliferated. These new approaches are not based on the predominant manager-subordinate general paradigm or the classical authoritarian management approach centered on command and imperative values and behaviors. [Figure 4.6](#) presents the most known and used approaches.

All these are focused on the relevant types of stakeholders and all of them use new management vision approach and behavior centered on the collaboration, corporation reciprocal benefit, etc.

In this paragraph, we shall deal with the first three mechanisms—CRM, SCM, and CSR—which represent the most known and used innovative management mechanisms focused on the stakeholders.

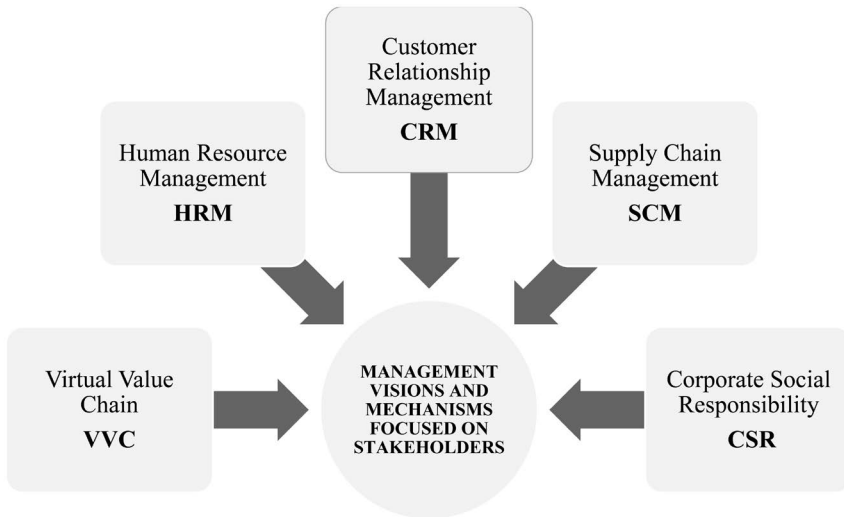


Figure 4.6 The management mechanisms focused on stakeholders.

Customer Relationship Management

Without a doubt, **CRM** represents an important specific management mechanism with a relatively long history. It is not based on an authoritarian approach and hierarchy, and incorporates a new vision on the management of customers, one of the most important types of external stakeholders. There are many CRM approaches, but the objectives and essential elements are, to a large extent, similar.

The evolution of CRM can be divided into four main periods: the original stage in the 1980s, the expansion stage in the 1990s, the modern stage in the 2000s, and the latest stage since 2010, dominated by the cloud and social and mobile integrated CRM software (Khasenova, 2017). CRM operationalization in companies has developed in very innovative and successful ways in terms of reconfiguration of the activities within organizations according to a new management conception centered on the customer and the use of information and communication technologies.

CRM is a business strategy and managerial mechanism that optimizes revenue and profitability while promoting customer satisfaction and loyalty. CRM technologies enable strategy and identify and manage customer relationships in person or virtually. CRM software provides functionality to companies via sales, marketing, customer service, and digital commerce. According to Buttle (2009), there are four types of CRM.

- **Strategic CRM** refers to positioning CRM as a major component of the overall organizational strategy. This form of CRM involves the development of an organizational culture centered on the customers, and a focus on the customer is a priority for the entire company. Customer acquisition and increasing the customer's degree of satisfaction are not left only to the marketing and/or sales departments.
- **Operational CRM** refers to relationships and informatization of a company's contact activities with its customers. CRM-related projects deal with marketing, sales, services, and activities, using informatic and digital software applications.
- **Analytical CRM** refers mainly to data mining regarding customers and the evaluation of an organization's performance in customer relationships to elaborate the best strategies, policies, tools, and procedures for collaboration with each major customer. The analytical level includes information and knowledge gathering, analysis, interpretation, use, and storage regarding customers.
- **Collaborative CRM** refers to an organization's cooperation with external stakeholders (suppliers, vendors, and distributors) to identify, attract, and retain customers effectively, and to the internal communications between different departments of an organization (sales, marketing, and technical support). The development of the Internet and social media have generated electronic and social CRM. According to [Greenberg \(2009\)](#), social CRM represents a philosophy, business strategy, and management mechanism supported by a technological platform, business rules, workflow, processes, and social characteristics. It is designed to engage the customer in a collaborative conversation and interaction to provide mutually beneficial value in a trusted and transparent business environment.

In companies, there are **six stages** to CRM:

- Identify the existing CRM processes within the organization.
- Formulate a CRM vision and strategy.
- Secure top management support and define the main changes in management processes and relationships.
- Choose the appropriate technology and mass-media partners.
- Evaluate current management information and digital systems, and create new mechanisms and metrics to monitor and improve the processes.
- Implement the new management information and digital tools and procedures, using close collaboration with the customers.

CRM consolidation as a management mechanism in companies has been influenced by the major trends that have manifested worldwide since the 1990s (Payne, 2005): the transition from transactional marketing to relational-based marketing; greater awareness of the fact that clients are a business asset; reconfiguration how organizations are structured by shifting the focus from functions to processes; increased use of information and communication technology and digital technologies in managing and exploiting the value of information; an admission of the need for trade-off between delivering and appropriating customer value; and the proliferation of one-to-one marketing approaches.

Supply Chain Management

Supply chain management (SCM) started in the 1960s and 1970s thanks to military logistics and the introduction of computers, which provided the foundation for development in the next decades. In 1982, Keith Oliver was the first to use the term “supply chain management.”

There are many approaches and definitions of SCM (Copacino, 2019; Hugos, 2018; Madhani, 2019; Power, 2005; Satapathy & Chauhan, 2024; Tseng et al., 2019). Based on them, we propose the following **definition**: SCM is a business strategy and managerial mechanism that fulfills the coordination and oversight of the ensemble of the activities involved in planning, supply, production, distribution, and delivery of goods and after marketing-services from their source to the customer. SCM involves management of the flow of goods, information, knowledge, and finance related to a product or service. It manages the flow starting upstream at the supplier level and all the way down the chain to the final customer, in order to optimize the supply value chain’s organization and its external stakeholders. There are seven Cs specific to SCM: connect, create, customize, coordinate, consolidate, collaborate, and contribute. SCM has **four key responsibilities**:

- Ensure that the suppliers provide all materials needed by producer.
- Ensure that the producer is able to realize the products and services demanded by the market.
- Ensure that the customers can obtain the products and services demanded.
- Ensure that the products and services costs and time delivery are competitive.

The main stakeholders of SCM are the suppliers, producers, vendors, warehouses, transportation companies, distribution centers, retailers, and service providers.

The use of SCM involves several phases delimited in various ways in each company. The most common approach regarding SCM includes the following **five phases**.

- **Planning.** SCM starts with planning to match supply with production and customer demands. This process is based on a company's predictions of its future needs, usually incorporated in its strategy and policies, with the consideration of all materials needed during each stage of production, equipment, capacity and limits, and staffing needs. Many companies use enterprise resource planning (ERP) software to help coordinate all planning processes.
- **Sourcing.** Sourcing all materials needed for the product or service involves determining the supplier, figuring out how much to order, keeping track of the supply, and paying suppliers. The focus is on the price and delivery of material.
- **Production.** Manufacturing or production phase is the heart of SCM. The production process usually is divided into sub-tasks such as assembly, testing, inspection, and packaging. Management must be mindful of waste or other factors that may lead to deviations from the production plans.
- **Delivery.** Once company management has finalized the sale, it should deliver the products and services to the customers and/or distribution centers. Effective SCM is conditioned by robust logistic capabilities and delivery channels, able to ensure timely, safe, and inexpensive delivery of its products and services.
- **Aftermarket services.** To fully satisfy the customers, company management provides the essential services needed for timely delivery of good-quality products or services. The return services for inconvenient products are an important component of aftermarket services.

Companies utilize a **wide variety of SCM models or types**. The most frequently used models are:

- The continuous flow model is one of the most traditional supply chain mechanisms. It relies on the manufacturer producing the same good over and over and expecting little variation in their customers' demands.
- The fast chain model is used especially by companies that sell products based on the latest trends.
- The flexible model is most suitable for companies that produce seasonal or holiday merchandise. It allows for quick generation of stock, labor, and other elements that are involved.
- The efficient model is utilized especially in companies competing in industries with very tight profit margins, where management strives to get a competitive advantage by making efficient their SCM processes.

- The agile model is practiced by companies facing unpredictable or fast-changing demands or custom-order products, where management prioritizes flexibility and quick adaptability.
- The custom-configured model is implemented in highly specialized industries, with high technical requirements from the customer.

In recent years, there has been an intensive trend to modernize these SCM models by implementing digital, collaborative, adaptive, and modular tools. This approach guarantees the relevance and visibility of information to all stakeholders and superior products and services for customers. Modern SCM utilizes a large variety of software types, including order processing, truck dispatching, product scheduling, and inventory management. Green SCM has been rapidly disseminated very recently to improve environmental and economic performance (Green et al., 2012; Tseng et al., 2019).

SCM generates multiple benefits and advantages to a company and its stakeholders involved in the chain network. Among these, we mention: strengthened supplier collaboration; better quality control; shipping optimization; reduced inventory and overhead costs; improved risk mitigations; stronger cash flow; a more agile business; increased customer satisfaction; enhanced chain network; better visibility and data analysis; and high efficiency to the company and its stakeholders. For these reasons, SCM has become widespread throughout the world, especially in large and medium companies.

Corporate Social Responsibility

CSR represents a key approach in the management of companies, with a great impact on the treatment of many stakeholders. It has a relatively long history, starting from the beginning of the 19th century, but the major development of modern CSR can be traced back to the 1960s and 1970s (Freeman et al., 2010). CSR has been defined, approached, and implemented in a wide variety of ways. Essentially, it is a self-regulating management business model that helps a company to be socially accountable to itself, its main stakeholders, and the public. CSR refers to company's strategic vision, approach, and mechanisms, involving an open culture, which contributes to achieve the business in an ethical, sustainable, and socially conscious manner, with the consideration of the important interests and the expectations of the major external and internal stakeholders. The main categories of stakeholders that are considered are communities, employees, customers, suppliers, and investors.

The CSR approaches and mechanisms a company uses depend on its size, profile, and culture and on the characteristics and impact of the relevant stakeholders. There are **four types of responsibilities**:

- **Economic responsibility** is a fundamental condition of a company's existence that permits it to be created, to survive, and to sustain. Each company needs to make a profit to reward the owners, itself, and the stakeholders; to reinvest for growth; to make more products; to provide services; and to add value. Economic responsibility is a baseline requirement, without which a company cannot exist in a competitive economy.
- **Legal responsibilities** reflect society's view of "codified ethics," which contain the ground laws and regulations that have to be applied by the company. Laws and regulations incorporate the fundamental elements of fair business practices, and companies must comply with them as a condition of operating in business.
- **Ethical responsibilities** reflect society's expectations regarding those activities, norms, standards, and practices that a company should respect when it operates and manages its affairs. Ethical requirements are in addition to the laws and regulatory provisions. Ethical responsibilities include a full range of norms, standards, values, principles, and expectations of what consumers, the community, company employees, owners, and other stakeholders regard as normal in the protection of stakeholders' moral rights.
- **Philanthropic responsibilities** deal with all forms of giving by a company, including voluntary and discretionary. A company's philanthropic actions do not represent responsibility in a literal sense. Rather, they represent a company's feedback to the public expectations, that an organization is a "good citizen" and involves giving forms—products and services donations, gift of monetary resources, organization employees voluntarism, etc.

Several CSR models have been elaborated by [Carroll \(1991, 2016\)](#), [Baden \(2016\)](#), and others. Recently, [Nicolescu and Nicolescu \(2021\)](#) indicated other responsibilities, including environmental responsibility, as a component of CSR.

During last two decades, the number of companies that have implemented CSR has increased very fast, and there has been a notable impact on the companies, their stakeholders, and society. There has been a **strong trend to institutionalize CSR** using certain social mechanisms ([Bice, 2017](#)). For example, the European Commission published the green paper "An European Framework for Corporate Social Responsibility" in 2001, and the green paper "A Renewal EU Strategy 2011–2014 for CSR" in 2011. There have been similar preoccupations by the Organisation for Economic

Co-ordination and Development (OECD) and in the United States, the United Kingdom, India, and other countries. In 2010, the International Organization for Standardization (ISO) released the primary standard for CSR, ISO 26000, which provides voluntary guidance to help a company to assess their strategic progress in social responsibility initiatives. Currently, the driving theme in corporate responsibility is the interconnectivity between business and consumers, corporations and employees, communities and employees, social and environmental justice, climate change, and economy. In the European Union, the Corporate Sustainability Reporting Directive (CSRD) has been in effect since January 2023; it connects social responsibility with sustainability and includes three key elements: environmental impact, social responsibility, and governance practices.

Finally, one last remark: for many years, CSR had developed only in corporations. However, during the last two decades, there has been a **strong trend to proliferate social responsibility to other types of companies**. As a result, specialists have started to use the concept of **company social responsibility** (Freeman et al., 2010) and **company-relevant social responsibility** (Nicolescu & Nicolescu, 2021). The background of this trend is represented by the perception and consideration of the increase and diversification of responsibilities for all companies, regardless of their size, and the strong and increasing impact of internal and external stakeholders on a company's functioning, performance, and sustainability.

Common Features of Management Mechanisms Based on Stakeholders

The management mechanisms discussed in this chapter have undergone modernization in the last decades, appealing to informatics and digital applications, included elements of AI and data metric analysis. Table 4.1 provides the common features of the management mechanisms focused

Table 4.1 Common features of customer relationship management, supply chain management, and corporate social responsibility regarding the stakeholder approach

<i>No.</i>	<i>Common features</i>
1.	Joint interests and objectives of the company and stakeholders involved
2.	Win-win approach used in the management processes and relationships
3.	Building trust between company stakeholders
4.	Mutual concessions and reasonable compromises between the company and the stakeholders
5.	Intense communication among all parts involved in the management mechanisms
6.	Lasting collaboration and cooperation between the participants
7.	Reciprocal advantages for all involved parts that are involves

on stakeholders (i.e., CRM, SCM, and CSR). These features are valuable to a large extent for virtual value chain and human resource management, the other management mechanisms mentioned at the beginning of this chapter.

These features are valuable to a large extent for virtual value chain and human resource management, and the other management mechanisms focused on stakeholders indicated at the beginning of this paragraph.

Limits of the Manager–Subordinate Paradigm

In recent decades, in the context of transition to the knowledge-based economy; Industry 4.0; digital transformation; amplification of the power and impact of internal and external stakeholders in companies; and the rapid increase in the education, knowledge, and creativity of employees, in many companies the contribution of the manager–subordinate paradigm has been less consistent, and these organizations have faced many difficulties and challenges. The utilization of this paradigm has manifested substantial limits, which have negatively influenced functionality, development, and performance for numerous companies and their stakeholders. Among these, **the most frequent and influential limits** have been the following:

- Absolute supremacy of the owner’s interests in the determination of the objectives and the ways to fulfill them within management processes and relationships, alongside sporadic consideration given to the main interests of company specialists and other major external stakeholders. This has led to many negative consequences for the functionality and performance of organizations.
- Frequent ignorance and/or limited consideration of the interests, expectations, and particularities of subordinates in the construction and functioning of the manager–subordinate paradigm.
- Strong asymmetry of the manager–subordinate relationships because, usually, a manager has more competences and power compared with a subordinate (even a high-quality subordinate).
- Insufficient consideration of the major role and impact of a subordinate’s information and knowledge, which are quite often special and valuable, on their personal performance and the group results.
- Frequent attention to outside and formal aspects of discipline at work, neglecting the essential elements of subordinates regarding creativity, initiative, and sustainability.
- Insufficient motivation among subordinates to support effort, creativity consciousness, and responsibility in work processes.
- The majority of company managers and executives only partially use their qualifications, skills, and knowledge. According to the “Global Study of

Engagement,” which surveyed over 19,000 employees across the globe, only about 22% of them are fully engaged (Hayes et al., 2018).

- Most company employees do not participate enough—quite often, not at all—in organizational strategy and policy projection and operationalization, even though they are highly educated and possess rich information and knowledge.
- Frequently, there is neglect of the social, ecological, organizational, and/or educational dimensions of the work of managers and subordinates within organizations.
- The potential of most company’s exogenous stakeholders—clients, suppliers, investors, bankers, consultants—is frequently ignored or used only to a small degree. Hence, these stakeholders do not contribute enough to generate added value for the company and to obtain a competitive advantage.
- In numerous companies, the new progress and opportunities provided by the transition to a knowledge-based economy and accelerated digital transformation have produced major difficulties, and their valorization faces major bottlenecks, corrections, and even performance failures.
- There is often insufficient awareness and consideration by a company’s owners, managers, and executives regarding the impact of grand societal challenges on people and organizations and their management (Brammer et al., 2019; Quayle et al., 2019).
- As a consequence, companies may have conflicting relationships with the local communities where they function, and they do not respect basic ecological requirements (e.g., pollute the environment).

Considering the advantages of the manager–subordinate paradigm presented in [Chapter 3](#) and the above limitations, we believe that **three remarks** are timely:

- The manager–subordinate paradigm limitations have been amplified by the latest trends in the economy and society. Thus, it is necessary to make changes within management processes and relationships so that a company’s management can generate a high level of efficacy, efficiency, and performance as requested by the organization, their internal and external stakeholders, and society.
- In many companies, specific innovative managerial mechanisms (CRM, SCM, and CSR) have developed for some important categories of stakeholders (clients, suppliers, non-governmental organizations, large companies, etc.) that are not based on the manager–subordinate paradigm.
- A new general management paradigm is necessary in these conditions. It must have other characteristics, functionality, and performance so that it can implement the requirements, challenges, and opportunities provided

by digitalization and the transition to a knowledge-based economy. This approach would valorize the best management practices: the open strategy, humanistic management, stakeholders engagement, social responsibility, innovative approaches, virtual value chain, AI, management of human resources, and other major innovative elements of organizational management.

There are already **numerous** opinions regarding the **necessity to renounce** the manager–subordinate paradigm. For example, the special report “Inspire, Activate, and Trust Talent to Execute Strategy” (2024) from the Massachusetts Institute of Technology states that “when [a] decision must be made quickly based on new information, command—and—control leadership styles and organizational structures are simply not for purpose.” According to another study based on a large sample (Misra et al., 2024), “executives set out with the sound ambition to transform traditionally hierarchical and siloed organizations into more agile, collaborative, and innovative ones.” Also, Bernacchio and Foss (2024) performed a comprehensive review of the literature regarding managerial authority and hierarchy and stated that many questions have been raised about the legitimacy of managerial hierarchical authority, as well as its effectiveness as a mechanism of coordination under modern productive conditions. Many other scholars have raised doubts regarding the use of hierarchy and the ways to utilize it in modern companies (Anicich et al., 2024; Foss & Klein, 2023; Lawrence & Poliquin, 2023; Lee et al., 2023).

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5 The New Manager/Leader– Relevant Stakeholder General Management Paradigm

Premises of the New General Management Paradigm

The conception of the new manager/leader–relevant stakeholder general management paradigm has **four premises** (Figure 5.1). To a certain extent, the content of these premises has been presented in the previous chapters, where we have analyzed the evolution of the management organization and society, revealing innovative elements that have appeared in the last decades. Here, we synthesize these elements and present them from the **perspectives of the possibility, opportunity, and utility of the manager/leader–relevant stakeholder paradigm construction.**

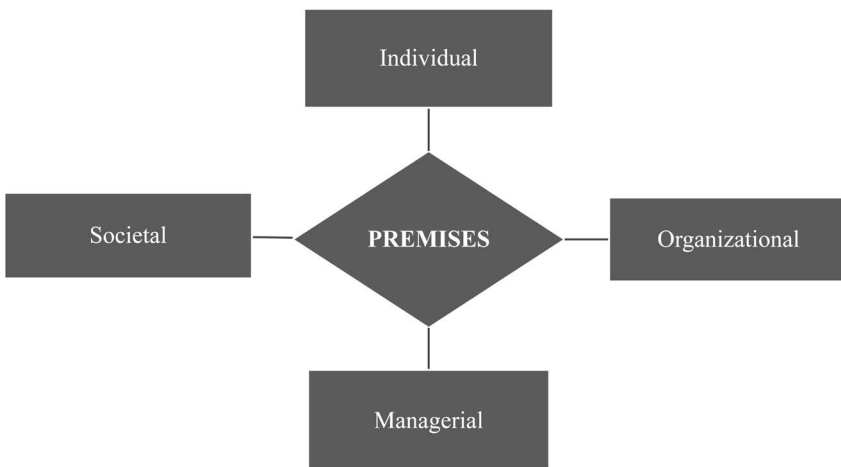


Figure 5.1 Premises of the manager/leader–relevant stakeholder general paradigm.

The Individual Premises

The four **main individual premises** refer to the recent evolution and characteristics of people, which make possible and opportune their approach as components of human entities and participants in management relationships and processes.

The main individual premises, which differentiate the present employees and managers, comparative with their counterparts from the previous centuries are the following:

- A large portion of individuals have a **high level of education**; they live in a democratic society; and they have multiple and strong expectations, desires, and interests regarding the purposes, decisions, actions, and behaviors of the organization where they work.
- Many individuals possess **rich knowledge and intellectual capital**, which is necessary and very important for organizations, communities, and society. This level of knowledge can multiply very rapidly with the use of AI and other modern technologies (Zao-Sanders, 2024).
- Due to their knowledge and intellectual capital, individuals now have, compared with the previous period a **much greater impact on the short-, medium-, and long-term outcomes of the entities where they work and on the communities where they live**. This impact is manifested as components of the organization in which they work and to the other entities when they are external stakeholders for them.
- Individuals **are aware to an increasing degree of the major importance and impact of their knowledge and intellectual capital** on the companies, communities, and society where they work and live. Hence, they expect to receive more attention and to be approached differently, according to their potential and contribution.
- Individuals are much more creative and flexible (both actionably and behaviorally), dynamic, open, and adaptable in jobs, organizations, professions, and communities; they are able to **provide superior input** in each of them.
- Individuals **want to be treated in a new way**, fairly, with more responsibility, and equally to other individuals with which they interact in an organization, family, community, and society.

These elements indicate very clearly that individuals are quite different, more skilled, and higher performing compared with a few decades ago. Thus, it is possible and necessary to approach and treat them in a new manner, valorizing to a much higher level their knowledge and strengths. This endeavor is beneficial to them as well as to organizations, communities, and society.

Organizational Premises

Organizational premises incorporate the new transformative changes in organizations during the last decades, which argue for the possibility and opportunity to change their approach. They reflect changes in organization theory and practice, especially from the best companies.

- Organizations have started to be approached and function as **open systems**: they are very receptive to external and internal changes and develop a myriad of coherent relationships focused on the fulfillment of the entity's strategic objectives.
- Companies have become **more intellectualized** because the majority of their human resources have a high level of education, which creates a superior background for communication, understanding, interconnection, transformative change, for soft organizational behaviors and actions.
- The functioning, development, and performance of companies have quickly become based on **knowledge and intellectual capital**, which have become the most important raw materials, production means, resource assets, and sources of a competitive advantage. Classical companies have transformed gradually into knowledge-based and digitalized organizations.
- Companies have become **more innovative** in all fields of activities—technical, informatic, marketing, sale, supply, financial, digital, production, management, ecology, etc.—which provides new ideas and approaches for the development and organizational and human openness for the creative undertakings.
- Organizations present quite frequently a **high level of flexibility**, with the capacity to adapt smoothly and in a performant manner without major difficulties, according to the contextual and internal changes and stimulants. Flexibility is an essential and permanent feature of competitive entities.
- The **dynamism of companies** amplifies to a high speed, being able to allow them to change rapidly inputs, functioning, and outputs, with better performance according to the organization's strategies and policies. Balanced dynamism tends to become the normal state of companies.
- **The digital transformation of human entities** has occurred at an accelerated pace, a phenomenon that has facilitated and amplified the possibility to better use the knowledge of individuals and organizations to improve the connectivity and networking between organizations, communities, and others.
- **Internal and external stakeholders** have a very strong impact on an organization's functioning, development, performance, and sustainability. They quite often have a decisive contribution to them. Hence, special

mechanisms such as CRM, SCM, and CSR have been developed for the most important stakeholders.

- **The dissemination of networking** has generated new types of organizations such as hubs, ecosystems, industrial parks, and live labs, among others, which are based on the collaborative and flexible approaches, within which the focus is on the creation, use, share, and valorization of knowledge and intellectual capital of individuals and organizations.
- There is a fast and marked increase in the number of entities with **organizational intelligence**, which is defined as the ability of collectives of intelligent human and digital actors to solve problems and adapt. There are six principles involved: addition, relevance, substitution, diversity, collaboration, and explanation (Kolbjørnsrud, 2023).
- **There has been a proliferation of multipurpose company vision and practice among companies** that has directed the focus of the organization to financial, social, educational, ecological, and health purposes. There are multiple strong benefits on the motivation, efforts, and performance of people (Argandoña, 2020; Mayer, 2023).
- **An increasing proportion of companies have been remodeled into knowledge-based organizations**, which possess the necessary vision and resources, especially knowledge and information, to reshape themselves according to new challenges, necessities, and opportunities.
- **A large percentage of companies have transformed into learning organizations**, amplifying substantially the capacity of companies' managers and executives to innovate and to remodel themselves.

These megashifts in organizations provide the background for new types of management concepts and practical approaches that provide more extensive valorization with benefits for organizations, internal and external stakeholders, and society.

Managerial Premises

The possibility, opportunity, and ability to implement innovative concepts and approaches in management theory and practice depends to a large extent on evolution and state of organization management and the recent managerial trends. We have identified eight company management features and trends that facilitate the awareness and use of creative ideas, concepts, and undertakings related to management. They represent the **managerial premises** for the manager/leader–relevant stakeholder paradigm.

- **There has been a profound transformation of management practices** in numerous companies via quasi-continuous innovation and change.

The transformation of management practice has been amplified and accelerated during recent crises such as the COVID-19 pandemic.

- **New managerial dimensions have appeared in numerous companies**—previsional, innovative, flexible, motivational, methodological, informational, digital, formative, participative, systemic, and international—but they have not been sufficiently used and valorized by companies.
- More managers are considering the huge potential of **intangible resources for organizations, namely, information and knowledge and intellectual capital**.
- A large number of managers have become aware of **many categories of stakeholders**—clients, suppliers, managers, executives, shareholders, communities, investors, bankers, etc.—and their impact.
- **Managers have discovered that can respond more effectively to hardship when they activate a shared emotional connection**, referred to as a “shared passion for place,” with the internal and external stakeholders. This represents a new path to organizational resilience ([Hernandez, 2019](#)).
- **Specific and effective managerial mechanisms have been developed for certain important stakeholder categories** (e.g., CRM and SCM). They have been very useful and performant.
- Specific managerial approaches with human and ecological dimensions, such as CSR, have been developed under environmental challenges and demands for certain stakeholder categories (e.g., local communities and company employees).
- The recent formulation of “the thesis that a combination of the **focus under management processes with the stakes of the companies’ stakeholders** could represent to the present necessities and realities, an alternative solution for obtaining sustainability” ([Sadun et al., 2017](#)).
- There has been a rapid proliferation of a **new type of creative and flexible leadership** focused on participation, consultation, and cooperation with the employees. It is based on trust, loyalty, mutual respect, and emotional intelligence.
- **Organizational and employee culture has been remodeled**, placing emphasis on the novelty, creativity, shared leadership, change, flexibility, participation, and adaptability. This has been amplified by the impact of the COVID-19 pandemic. Organizational culture tends to be more knowledge-based ([Gaur & Gupta, 2021](#)).
- Numerous **innovative ideas and approaches that continue to be amplified and diversified** to increase a company’s performance and sustainability (see [Chapter 4](#)) have been manifested due to the transition to the knowledge-based and digitalized economy, and in management science and practice.

- A great number of renowned management scientists and top managers have identified that it is **necessary and possible to radically remodel an organization's management** (Hamel, 2009; Joly, 2021; World Economic Forum, 2017).
- There is an increasing **professionalization of managers**. A professional manager possesses a new type of leadership; a high level of management and business knowledge; and a vision focusing on change, innovation, and participation. He/she can initiate and practice a new management type in the relationship with a company's stakeholders, and valorize his/her potential via a win–win approach. Companies managed by high-level professional managers have better faced the challenges related to the COVID-19 pandemic and have been to “catch” and use new opportunities.

These managerial premises represent a solid background for the seizing, taking into consideration, implementation and valorizing the creative management concepts like the new manager/leader–relevant stakeholder paradigm.

Societal Premises

Besides the three previous premises regarding directly the people, organizations, and management, there are also societal premises, which make possible and opportune the radical management and entity changes. These premises are represented mainly by the major contextual changes and characteristics of society and the economy based on knowledge, digitalization, and stakeholders.

- **Information, knowledge, and intellectual capital are all intangible nature but essential for society and the economy now and in the future.** They have multiple valences and values, and their valorization requires bold and innovative management in all fields.
- **There is an intensification, diversification, and acceleration of innovation** in all domains of society. People have become more receptive to innovative elements and the desire, interest, and potential to generate and implement new ideas, concepts, approaches, and methods in all fields, including entity management.
- **Digitalization and digital transformation** have modified the content of work processes and intensified and accelerated the possibilities and opportunities for communication, transmission, and reception of information and knowledge online and directly, for collaboration at the individual, entity, and society levels (Zeng et al., 2025).
- **The rapid development and dissemination of modern technologies**—AI, generative AI, the IOT, quantum computing, cloud computing, and

big data metrics—amplifies the potential and capacity of specialists to approach and solve a large set of problems at the individual, organizational, community, and branch levels. These revolutionary technologies generate new economic, social, ecological, and technical opportunities that can be valorized through a new type of management that is more open, innovative, collaborative, and networked, involving external and internal stakeholders.

- **Work intellectualization**, focusing on information and knowledge use, sharing, and valorization, has radically changed the content and manifestation of work content, including management processes and relationships. Hence, there are new possibilities and opportunities to develop and increase performance for individuals and entities.
- The importance and promotion of **social responsibility** has increased, with more implications for the individual and organization to solve major social, ecological, educational, and medical problems, in facing grand societal challenges.
- The number and impact of **stakeholders in society** have increased, and their contribution greatly influences the development and performance of companies and other entities.
- **Comprehensive networking** in society and the economy, with the proliferation of business and social networks, has fostered ecosystems that favor the valorization of the stakeholders' resources and capabilities and contributing to the fast development of a collaborative and shared economy (Lichtenthaler, 2016).
- Society has acquired a **powerful educational-formative dimension** due to the increased education, training, and life-long learning of employees. High-quality specialists and managers should be treated and managed to ensure they are high performing.
- **The economy incorporates** new branches—high-tech industry, informatics e-commerce, e-banking, bio-agriculture, and telecommunications—within digitalization, automatization, innovation, intellectual capital, and collaboration are essential and make necessary and convenient a new type of management that is much more creative, collaborative, flexible, and motivational, based on the participation of the all relevant stakeholders, is required.
- **Knowledge-based employees** include numerous specialists who possess rich knowledge and valuable intellectual capital that is frequently underutilized, requiring new managerial visions and approaches.
- **Multidimensional remodeling of markets**, characterized by a rapid increase in e-commerce, collaborations, and building of very large and powerful networks of suppliers and clients, proliferation of competition between producers, networks, stakeholders, use of the cooperation based concomitantly on competition and cooperation between the same

companies, etc., makes necessary, possible and convenient, new business models, and marketing and management approaches and tools based on new principles and rules.

- **The strong and diversified development of numerous non-governmental organizations**, which represent influential organizations in society and satisfy social, ecological, educational, and medical necessities, has contributed to the consideration of grand societal challenges in the determination of an entity's objectives and activities and to reconsider an organization's relationships with its external and internal stakeholders.
- **There has been increased awareness in society of the necessity to promote diversity, equity, and inclusion** (Jourdan, 2023) in all components. This endeavor requires the negotiation of common objectives with all internal and external entities stakeholders and flexible, collaborative, innovative, friendly management relationships and processes based on distributed leadership.

All societal premises have as common denominator the fact that their content and potential can be fully valorized beneficially for society, entities, and people, only using a new type of management based on new vision, approaches, ways, systems, methods, etc.

The four premises represent the foundation for the new management vision and approach, for the management reinvention asked by many reputed specialists, including a new general management paradigm focused on the management relationships and processes involving new components—manager/leader and relevant stakeholders and interactions between them.

Definition, Components, and Content of the Manager/Leader–Relevant Stakeholder General Management Paradigm

Definition and Components of the New Paradigm

According to our research, the manager/leader–relevant stakeholder represents the new general management paradigm that gradually replaces the manager–subordinate paradigm. **This new paradigm consists of management relationships and processes from entities, using a collaborative approach based on the reciprocal main interests and win–win negotiations between the manager/leader and relevant stakeholder, the main components, establishing common objectives and participative ways to decide and act, cooperating closely to ensure effective multidimensional performance with benefits for the entity and its relevant internal and external stakeholders.** Specific to this new vision and approach to management is the intense sharing of the tangible and, especially, intangible

resources of the manager/leader and relevant stakeholder, two components of management relationships and processes, valorizing to a high level their knowledge and intellectual capital, with the multiple positive effects and influences on the entities and human resources involved.

The first component on which the new general management paradigm is based on the **manager/leader**. There are essential differences between a traditional manager, which works with his/her subordinates and a manager/leader who works with relevant company stakeholders (Table 5.1).

A manager/leader has certain competences and characteristics that have been developed at a much higher level compared with a traditional manager. Among these, we mention leadership capabilities, awareness of the decisive role and the impact of stakeholders in business, a prospective vision, the capacity to negotiate, dialogic communication, the ability to use change management, emotional regulation, cooperative skills, innovative openness, organizational flexibility, and multidisciplinary knowledge.

Many researchers have demonstrated that in numerous companies and other human entities, managers have those characteristics being a

Table 5.1 The main differences between a traditional manager and a manager/leader

<i>No.</i>	<i>Element</i>	<i>Traditional manager</i>	<i>Manager/leader</i>
1.	The components of the management relationships	<ul style="list-style-type: none"> • Manager • Subordinates 	<ul style="list-style-type: none"> • Manager/leader • Relevant internal and external company stakeholders
2.	Main objectives to fulfill	To achieve the company's business objectives	To achieve common objectives of the: <ul style="list-style-type: none"> • Company • Relevant external and internal stakeholders
3.	Predominant nature of management relationships	Hierarchical relationship between manager and his/her subordinates, with a strong formal and authoritarian dimension	<ul style="list-style-type: none"> • Collaborative, constructive, and complex relationships between the manager/leader and relevant internal and external stakeholders, based on win–win negotiation, respect, trust, and commitment
4.	Performance focus	Predominantly business, focused only on company performance	<ul style="list-style-type: none"> • Multidimensional performance (business, social, ecological, and educational) focused on performance and the main interests of the company and relevant stakeholders

real manager/leader and have been formulated proposals to develop them (Battilana et al., 2022; Clark et al., 2024; Evans & Schilke, 2023; Grimm & Reinecke, 2023; Joly, 2021; Pirson et al., 2024; Wang et al., 2024).

The second component is the **relevant internal and external company stakeholder**: a person, a group of people, or an organization that has a notable interest or a stake in an entity's activities and performance and that affects these and is affected by them (Berman & Johnson-Cramer, 2017; Nicolescu & Nicolescu, 2021). **Stakeholder relevance**¹ can be defined as a direct and indirect significant influence, actual and/or potential, that the stakeholder currently exercises or could exercise later on the entity's functionality, development, and performance that should be considered for an organization to achieve competitiveness and sustainability. Stakeholder relevance denotes the major impact of stakeholders in an entity and their strong intertwining. Stakeholder relevance is always multidimensional, with business, social, and ecological aspects being the most prominent dimensions.

Entity stakeholders, according to their relevance, can be divided into **two categories**.

- **Relevant stakeholders** should receive special attention from entity management and be approached as a major factor in their organization's survival and sustainable development.
- **Irrelevant stakeholders** do not merit at this period significant attention from the company management.

Compared with other stakeholders, relevant stakeholders² present the following features:

- Stronger interest in the company's functionality, development, and performance.
- Greater motivation for the development of intense relationships with the entity and for actions harmonized with it.
- Greater availability of communication and coworking with the entity in certain fields;
- Possession of valuable knowledge and competences that are necessary and/or important for the entity.
- Use and/or ownership of other resources—financial, intellectual, technical—material, human, etc.—needed for the entity to achieve its strategy and policies.
- Greater social interest and influence need to be considered.
- Powerful impact on certain entity activities and results, considering certain needs of society.

A stakeholder's relevance is determined according to two categories of elements.

- The entity's interests, characteristics, and development are reflected in the vision and leadership of top management; an organization's strategy and policies; the characteristics of the entity management systems; the methods, techniques, and procedures used; organizational culture; and the evolution and trends in the entity's industry and the actual and potential markets.
- The stakeholder's interests, characteristics, and potential, evaluated at the level of every stakeholder category and for each stakeholder, are based on a set of parameters including present and future major interests of the stakeholders; the main features of stakeholder behavior, especially toward the entity involved; and stakeholder availability in terms of openness to communication, collaboration, and performance achievement.

In the last decade, many researchers have revealed very interesting and useful aspects regarding stakeholder parameters, including legitimacy, power, and urgency (Burchman & Jones, 2022; Chuah et al., 2023; He & Chittoor, 2022; Hunsaker et al., 2021; Iqbal et al., 2022; Jebesen et al., 2022; Kenny, 2021; Laasch, 2024; Pastoriza et al., 2025; Sucher & Gupta, 2019).

Stakeholder relevance can be divided into two categories:

- **Constructive relevance** is based on the convergence of the main interest and expectations of the stakeholder, entity, and society, with a consistent win-win relationship as the background. This relevance increases performance and business and social satisfaction for both the company and stakeholder. Constructive relevance could be measured by the company and stakeholder trade-off that is generated.
- **Protective relevance** involves significant differences between the interests of the company and the stakeholder, usually based on tough negotiations. The result is often the protection of certain major interests of both parties, most frequently of an ecological and social nature. Protective relevance can be measured relatively by the company's losses if it does not cultivate relationships with the special stakeholders' group.

A relevant stakeholder with constructive or protective relevance determines together with the manager/leader the content, characteristics, and performance of management relationships and processes, and the entity's stakeholder parameters regarding the interests, objectives, resources, motivations, and implications, all of which are essential for the functioning and sustainability of the entity.

Paradigm Facets and Content

Management relationships and processes based on the manager/leader-relevant stakeholder paradigm are more complex and diversified compared with previous management relationships and processes for several reasons.

- A manager/leader should exercise a larger set of tasks, competences, and responsibilities than a traditional manager.
- Relevant stakeholders mean not only relevant subordinates, but also the customers, suppliers, communities, etc.
- A substantial part of relationship management and processes are exercised not in an entity, but outside of it, with different external relevant stakeholders.
- Frequently, in the management processes and relationships relevant external stakeholders are not people, but rather organizations (supplier, sales company, local community, research and development company, etc.), which make the decisional and operational activities more complicated and time-consuming.
- The functionality of the management relationships and processes based on the new paradigm depends on the alignment of what the manager/leader and relevant stakeholder wants to achieve to ensure effective collaboration (Thatchenkery & Piezunka, 2024).

Similarly to other paradigms, the manager/leader-relevant stakeholder paradigm presents **two facets**.

The theoretical-scientific facet regarding the concept, principles, requirements, and rules is still in the nascent stage. This book elaborates the concept, and future theoretical and pragmatic research will gradually develop the core of the conceptual and methodological specific elements. We have mentioned theoretical and methodological elements regarding certain categories of management, relationships, and processes with certain relevant stakeholders like the customer, supplier, or local communities (see Chapter 4). This includes CRM, SCM, and CSR. Based on the manager/leader-relevant stakeholder general manager paradigm is necessary to reconceptualize from a holistic view the entire content of management science and philosophy.

The pragmatic-operational facet has commenced within the last 50 years, when have been conceived and used the first specific managerial mechanisms with relevant customers (CRM), relevant suppliers (SCM), relevant communities (CSR), and the pragmatical changes in the companies regarding the new manager/leader which uses innovative managerial leadership, skill and behavior, focused on systematically consultation, participation, cooperation, negotiation, etc., with certain subordinates and some important external stakeholders. These elements and other similar

have proliferated rapidly because they have proven their functionality and performance, representing innovative approaches required by the many deep changes in human resources, entities, the economy, and society. These changes undoubtedly represent just the beginning and will continue to intensify and accelerate. Awareness of the manager/leader–relevant stakeholder paradigm and future theoretical and pragmatic management research will develop the pragmatic–operational facet.

The presentation of the two facets of the manager/leader–relevant stakeholder management paradigm provides very useful background and information for the approach of **psychological support for the new paradigm**. In this regard, we consider necessary three remarks to make:

- Because the manager/leader–relevant stakeholder paradigm has just been conceptualized and awareness is in the beginning stage, it is not possible to have psychological support or a fundamental belief regarding its value and utility.
- The innovative managerial mechanisms—CRM, SCM, and CSR—and the new vision and approaches of the manager/leader during last half of century have been well received and proliferated. This would not have been possible without notable psychological and practical support from all parts involved—owners, managers, executives, customers, suppliers, investors, communities, etc.
- A large psychological support and a fundamental belief regarding the utility, use, and performance of the new management paradigm will develop gradually over time alongside development of the theoretical–scientific and pragmatic–operational facets, and intensification of the megatrends and changes associated with the transition to the knowledge-based and digitalized economy and society.

Figure 5.2 provides a synthesis of the content of the manager/leader–relevant stakeholder management paradigm.

The elements incorporated in this figure help to understand better the specificity of the manager/leader–relevant stakeholder general management paradigm and its major impact on the management relationships and processes.

The Features, Principal Advantages, and Limits of the New Manager/Leader–Relevant Stakeholder Paradigm

Paradigm Features

The manager/leader–relevant stakeholder paradigm is a radical humanistic paradigm, characterized by a subjectivist view and ideological orientation toward radical changing constructed realities (Burrell & Morgan,

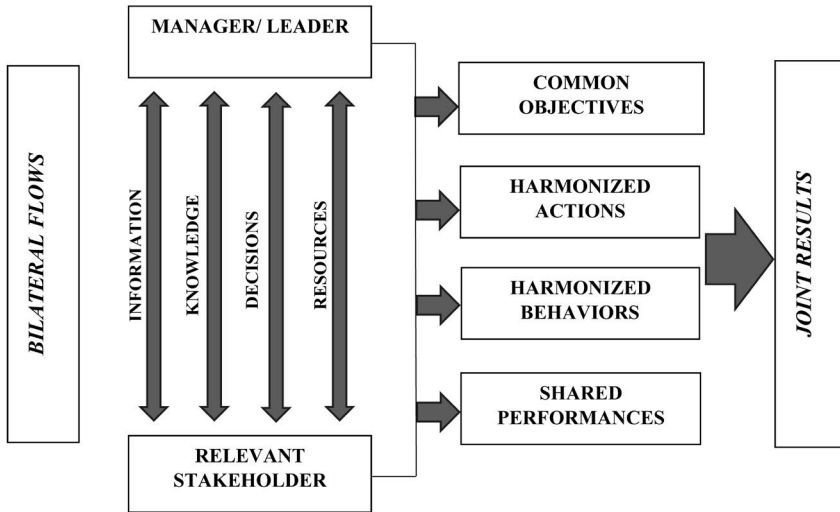


Figure 5.2 The content of the manager/leader–relevant stakeholder paradigm.

Adapted from Nicolescu and Nicolescu (2021, p. 115).

2017; Gioia & Pitre, 1990). It renounces the “traditional reliance on hierarchies” (Collins et al., 2020). Table 5.2 presents the **specific features** of the new manager/leader–relevant stakeholder general management paradigm, favoring a better understanding implementation in the entities management.

Advantages and Limits

The managerial paradigm manager/leader–relevant stakeholder is able to generate **numerous advantages**, and the features from Table 5.2. represent very good arguments in this respect. We can summarize the **numerous advantages** of the new paradigm as follows:

- Development of joint decisional, actionable, and behavioral approaches for an entity and its relevant stakeholders.
- An increase in the social responsibility of an entity as well as its external and internal stakeholders.
- Enhanced team spirit in the entity and its relevant external stakeholders.
- The development of workplace contexts that encourage good behavior and organizational climate, making employees and other internal and external stakeholders happier and more productive.

Table 5.2 Features of the manager/leader–relevant stakeholder general management paradigm

<i>No.</i>	<i>Parameter</i>	<i>Characteristic</i>
1.	Vision of entity management	Management relationships and processes, focused on the manager/leader and relevant stakeholder are essential elements of new management practice and science, necessary and developed in the context of the transition to a knowledge- and digital-based economy and society
2.	Components of management relationships and processes	<ul style="list-style-type: none"> • Manager/leader • Relevant internal and external stakeholder
3.	Main interests to consider and follow	<ul style="list-style-type: none"> • Company interests • Relevant internal and external stakeholders' interests
4.	Objectives to fulfill	Common objectives resulting from win–win negotiations, taking into consideration harmonizing the main interests of each component
5.	Core organizational values	Considers the interests of the owner, company, and stakeholder, with a focus on internal and external stakeholders, social responsibilities, the win–win approach, large use of participative and cooperative approaches, equal importance of intangible and tangible resources, complementarity between formal and informal approaches, transparency, trust, team spirit, flexibility, innovation, sustainability, and multidimensional performance
6.	Nature of power involved and the manner in which it is exercised	<ul style="list-style-type: none"> • Power distributed between the owner, managers, and relevant internal and external stakeholders • Power is exercised in a democratic and participative manner
7.	Main resources to use	<ul style="list-style-type: none"> • Tangible and intangible resources of the company • Knowledge, information, networks, computers, software equipment, buildings, tools, money, etc., of relevant stakeholders to be share and utilize in order to achieve common objectives
8.	Ways to determine the objectives and tasks to fulfill	Participative and collaborative approaches and ways, using win–win negotiation to harmonize the main elements involved, based on reasonable compromise
9.	Nature of the human relationships used	Collaborative and constructive relationships based on respect, trust, and commitment from both components, directed to achieve the common objective
10.	Changes to implement	Focus on multiple, rapid, and radical changes demanded by the relevant internal and external company stakeholders under the impact of fast and complex contextual challenges

(Continued)

Table 5.2 Features of the manager/leader–relevant stakeholder general management paradigm (Continued)

No.	Parameter	Characteristic
11.	Type of communication utilized	Mainly dialogic communication, facilitating understanding, continued cooperation, creativity, entrepreneurial approaches, and achievement of the common objectives
12.	Motivation involved	Strong motivation of both components, generated by harmonization of interests, common objectives, collaborative relationships, trust, dialogic communication, etc.
13.	Organizational culture constructed	Steady development of open, participative, innovative, flexible, trustful, responsible, entrepreneurial, and result-oriented organizational culture
14.	Performance to achieve	Multidimensional and sustainable performances—economic, social, ecological, or educational—reflecting the specific interests of each component and common objectives negotiated from the beginning

- Positive identity construction of relevant stakeholders in an entity.
- Amplification of stakeholder motivation, engagement, efforts, and performance.
- Fulfillment of joint actions by internal and external stakeholders.
- Intensified sharing of intangible and tangible resources between an entity and its relevant stakeholders.
- Greater synergy between an entity and its relevant stakeholders.
- Generation of higher added value in an entity and its relevant external stakeholders.
- Development of sustainable relationships between an entity and its relevant external stakeholders.
- Contribution to the democratizing governance in an entity.
- A substantial increase in the consideration of grand societal challenges by entities and its relevant stakeholders.

There are also **managerial and organizational limits**:

- Notable difficulty in reshaping the mentality and behaviors of a manager/leader and stakeholder to constantly conceive and implement win–win decisions and actions.
- Great effort is necessary from relevant stakeholders and their organizations to build and implement managerial mechanisms that operate the new paradigm.

- The development and performance of the new paradigm are highly dependent on organization's culture and context characteristics.
- Qualitative effects enabled by the new paradigm become visible mainly in the medium and long term.

As can be seen above, the advantages far outweigh the limits, both for the entity and the stakeholders.

Specific Mechanisms to Implement the Manager/Leader–Relevant Leader Paradigm

Implementation of the manager/leader–relevant stakeholder paradigm requires the redesign of the present management methods, techniques, and tools, and the design of the new manager-specific management mechanisms. Here, we present two such management mechanisms we recently designed: the managerial synapse and the company–relevant stakeholder-based management system (Nicolescu & Nicolescu, 2021).

Managerial Synapse

A **managerial synapse** is a basic managerial mechanism involving one company manager and one relevant stakeholder. It consists of an intense exchange of information and knowledge in joint and/or harmonized decisional, operational, and behavioral processes. It can generate superior added value and synergies, satisfying the main interests and objectives of both parties (Nicolescu & Nicolescu, 2021). A managerial synapse is based on the win–win relationship, collaboration, and real partnership between the parties involved. Companies continue to have hierarchies, but their main role is to harmonize the decisions, actions, and behaviors of all relevant organizational stakeholders. Within a managerial synapse, the main content of management relationships and processes in the company is radically different, with better results. A managerial synapse represents the basic community of collaboration for each company.

A managerial synapse has mainly **two main goals**:

- To achieve, based on joint and/or convergent interests, the common objectives and interests, namely, obtain knowledge, human, technical–material, and financial resources directly and indirectly; renew products, services, technology, and equipment; make a profit; increase market share, etc.
- To build a collaborative mechanism that facilitates the joint efforts and contributions and the fulfillment of certain important needs and interests of the internal and external stakeholders involved.

A managerial synapse, like an electrical or chemical synapse, represents a bilateral mechanism. It can be separated into **two categories**:

- An endogenous managerial synapse is between an organization manager and one relevant stakeholder, a person from the same organization. This type is entirely fulfilled inside the same organization. The relevant stakeholder is usually an employee or, less frequently, a shareholder.
- An exogenous managerial synapse is between an organization manager and an outside relevant stakeholder. This type mostly includes clients, suppliers, intermediaries, bank officials, investors, consultants, and others as the stakeholders. It is fulfilled both inside and outside the organization and is more complex than the endogenous managerial synapse.

The main content of a managerial synapse is represented by the repeated sending and receiving of information, knowledge, and other resources between the manager and the relevant stakeholder, and by decisions that generate certain harmonized objectives, actions, behaviors, and performance. A managerial synapse quite often has entrepreneurial content because both participants have initiatives and have to assume risks and act autonomously. It involves what [Sanner and Bunderson \(2017\)](#) call the “right kind of hierarchy, which can help persons and teams become better innovators and learners and to obtain better performance.” It is a special partnership mechanism that generates better results for each component as well as synergy in the organization.

A managerial synapse is based on the systemic approach of the organization, its stakeholders, and its environment. This mechanism is dynamic because its content, work, and performance are constantly changing. For this reason, a managerial synapse should be approached and developed as a **dynamic form of organizational work**, and it should be designed as an agile organizational entity in the company.

A managerial synapse is an **autonomous mechanism** that contributes to increase the frequency and quality of entrepreneurial and innovative decisions, actions, and behaviors at the company and stakeholder levels. It represents one way to respond to the company’s need to autonomize significant parts of its business, which specialists from Boston Consulting Group predict will be a major trend in the coming decade ([Bailey et al., 2019](#)).

Considering the multiple human aspects involved in a managerial synapse, **its psychological background** is represented by the six elements indicated in [Figure 5.3](#). All of these elements should be present in each relevant stakeholder component of the managerial synapse and in their mutual relationship.

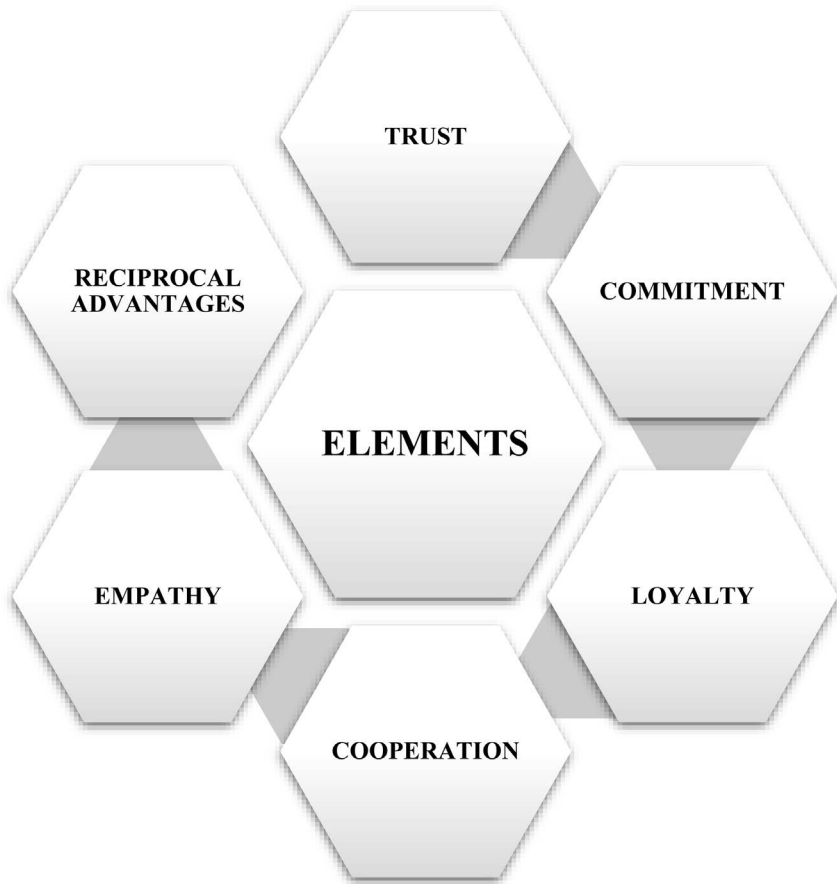


Figure 5.3 The psychological basis of relationships within a managerial synapse.
Adapted from [Nicolescu and Nicolescu \(2021, p. 123\)](#).

Another specificity of a managerial synapse is **dialogic communication**, which means that the two parties alternatively play the role of speaker and listener. Mutual understanding, empathy, and commitment are the hallmarks of dialogic communication ([Cardwell et al., 2016](#)). It generates cognitive and emotional resonance to the managerial synapse components ([Giorgi, 2017](#)), favoring collaboration that is reflected in joint decisions and actions as well as harmonized behaviors.

The elements presented reveal the high specificity of a managerial synapse, which represents managerial innovation that is quite different from the traditional managerial mechanisms of a company.

The Company-Relevant Stakeholder-Based Management System

The second specific management mechanism based entirely on the new manager/leader-relevant leader paradigm is the company-relevant stakeholder-based management system, which comprises all company management processes and relationships that predict, organize, coordinate, mobilize, and evaluate the relevant stakeholders' work processes. It is structured mainly in managerial synapses and based on intense and participative sharing of information, knowledge, and other resources. The result is common and harmonized decisions, actions, and behaviors to achieve sustainable multidimensional interests and objectives of the organization and its relevant stakeholders. In fact, a stakeholder-based management system is a special type of network of a company's relevant internal and external stakeholders in which managerial synapses play a major role.

In our opinion, the new company-relevant stakeholder-based management system represents the most comprehensive and effective approach to manage a collaborative enterprise. It represents one of best managerial feedback mechanisms for collaborative revolution, which is currently occurring according to [Adler et al. \(2011\)](#). This system is a possible solution to the present trend outlined recently by specialists ([Battilana et al., 2019](#); [Ignatius, 2019](#)) regarding the change of a company from a simple-minded pursuit of financial gain to consider the interests of all its stakeholders, including employees, customers, communities, and the environment.

The company-relevant stakeholder-based management system aims to fulfill **two goals**:

- The first goal is to achieve the common purposes of the company and relevant stakeholders based on common and/or complementary interests. The common objectives vary depending on the stakeholder category and often from one stakeholder to another within each category. Most frequently, they refer to the direct acquisition of knowledge and human, technical, material, and financial resources; the renewal of product, service, technological, managerial, marketing, and environmental tools; and maintaining and increasing sales, market share, and profit to ensure the sustainability of the organizations involved.
- The second goal is to establish a collaborative mechanism, based on the managerial synapses, to facilitate a higher level of accomplishment—through joint efforts and contributions—of the relevant stakeholder's needs (arising from its major goals).

Within the company-relevant stakeholder-based management system, there is a new type of stakeholder-manager relationship, usually structured in managerial synapses, which largely replace the classic manager-subordinate relationship. Management processes and relationships with relevant stakeholders, based on managerial synapses and guided by a sense of shared purposes, facilitate the committed collaboration in the company, which is beneficial for the parties involved.

Company management processes, modeled through managerial synapses based on win-win negotiations, are powerful. This is essential because “firms with strong management processes do significantly better on the high metrics such as profitability, growth and productivity” (Sadun et al., 2017).

A stakeholder-based management system simultaneously combines a focus on the management processes and relationships with the essential stakes of relevant stakeholders. The company-relevant stakeholder-based management system moves away “from capitalistic to humanistic business” (Dierksmeier, 2016), reflecting the paradigm shift in the field of theory from mechanistic economics toward humanistic economics. In practice, this involves “human purposes” for a company, broadly defined as the focal points (Wicks & Harrison, 2017). A company-relevant stakeholder-based management system should be founded on the open strategy, characterized by transparency and inclusion (Hautz et al., 2017). These two dimensions of the open strategy are essential for the organic integration of relevant stakeholders into the organization’s management and for the fulfillment of the major interests, needs, and expectations of a company.

A company-relevant stakeholder-based management system could incorporate, mainly the elements presented in Figure 5.4. A managerial synapse is the basic component of the stakeholder-based management system. It is the essential mechanism to manage the new type of managerial relationships and processes between relevant stakeholders and the company representative.

There is a hierarchy within the company-relevant stakeholder-based management system, but it is not the classic, authoritarian form. A hierarchy is necessary because human beings tend to think and act hierarchically (Zitek & Tiedens, 2012). It is recommended to be called a “right hierarchy” (Sanner & Bunderson, 2017), characterized by intense consultation and cooperation, strong informal elements, and team spirit. Such a hierarchy enables initiative, innovation, and participative decisions and actions, and a flexible approach. An organization in the company-relevant stakeholder-based management system is recommended to adopt the new **participative centralization type of authority**, which has proven to be useful when there are overlapping spheres of influence (Adler et al., 2011).

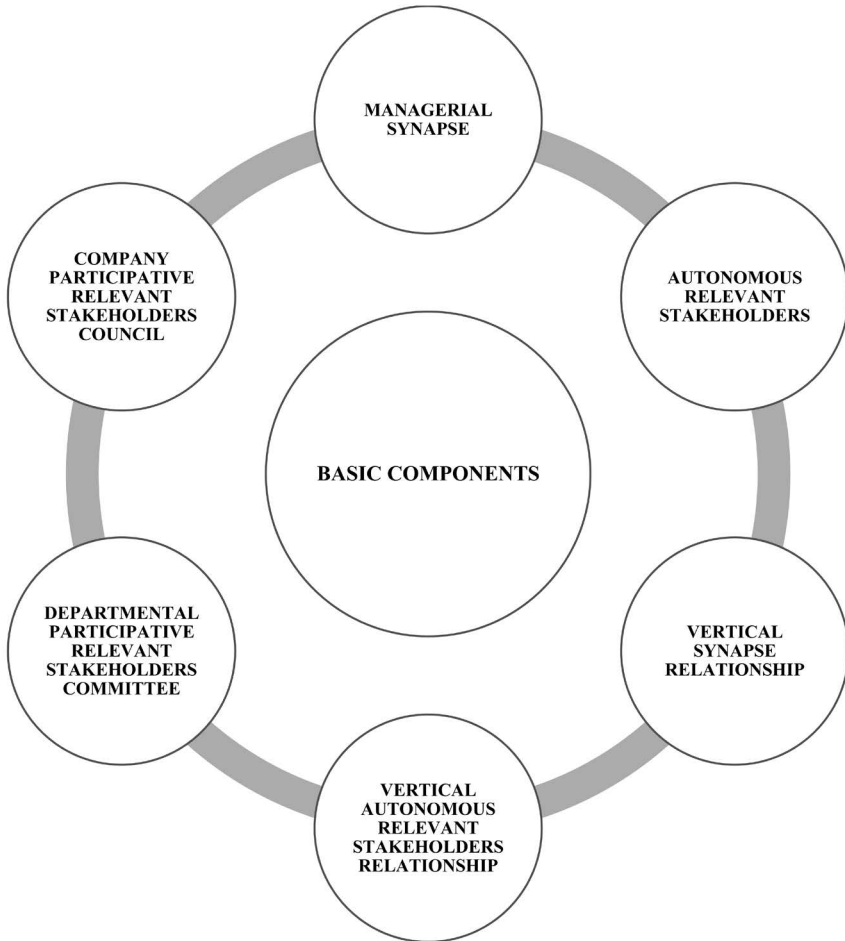


Figure 5.4 The main components of the company-relevant stakeholder-based management system.

Adapted from [Nicolescu and Nicolescu \(2021\)](#), p. 249).

The organizational elements should determine the development of the collaborative community around a sense of shared purpose and diversity of the stakeholders' capability, stimulating innovation ([Adler et al., 2011](#)). A company-relevant stakeholder-based management system may be employed in **two organizational variants**.

- **An integral stakeholder-based management system** incorporates all company-relevant stakeholders—internal and external—structured in

managerial synapses. This is an optimal variant able to fully utilize the resources and potential of all company-relevant stakeholders.

- **A partial stakeholder-based management system** incorporates—integrated in the managerial synapses—only part of the relevant stakeholders.

The foundation, work, development, and performance of the company-relevant stakeholder-based management system should be based on a set of principles that are useful in modeling the management processes and relationships incorporated in the system. The 12 principles (see [Nicolescu & Nicolescu, 2021](#)), designed from a holistic view, consider the objectives and specificity of this new company management system, the particularities of the relevant stakeholders, and recent contextual evolution, primarily the transition to a knowledge-based economy and digitalization and to a “stakeholder era.”

The company-relevant stakeholder-based management system responds to a large extent to the 25 great challenges of management, formulated at Harvard Business School in 2009 by the “Renegade Brigade” of academics, CEOs, consultants, entrepreneurs, and venture capitalists ([Hamel, 2009](#)). Among these, we mention the following: ensure that the work of management serves a higher purpose, reduce fear and increase trust, expand and exploit diversity, expand the scope of employee autonomy, share the work of setting direction, redefine the work of the leadership, reinvent strategy-making as an emergent process, retool management for the open world, and destructure and disaggregate the organization. The company-relevant stakeholder-based management system has consistent economic, humanistic, and ecological content. In [Figure 5.5](#), we formulate synthetically, in a more pragmatic manner, the main advantages of the company-relevant stakeholder-based management system, and its multiple benefits on the company, its relevant stakeholders, and the socioeconomic context.

Besides the numerous and consistent advantages, there are several **limits**: its operation and performance depend on a large and heterogeneous number of relevant stakeholders; it is highly complex; there are major difficulties in implementing the system due to the numerous diverse internal and external variables involved; full implementation of the system takes a relatively long time; and there are large building and operationalization costs of the new management system.

Nevertheless, the advantages of the company-relevant stakeholder-based management system prevail over its limits, reflected by the substantial gain of functionality, competitiveness, and sustainability for a company and its relevant stakeholders. In this context, the following statement by [Bottenberg et al. \(2016\)](#) from Germany is pertinent: “Acknowledging potential problems arising from stakeholders’ orientation, as well as its unique benefits, we call for a modern stakeholders value system.”

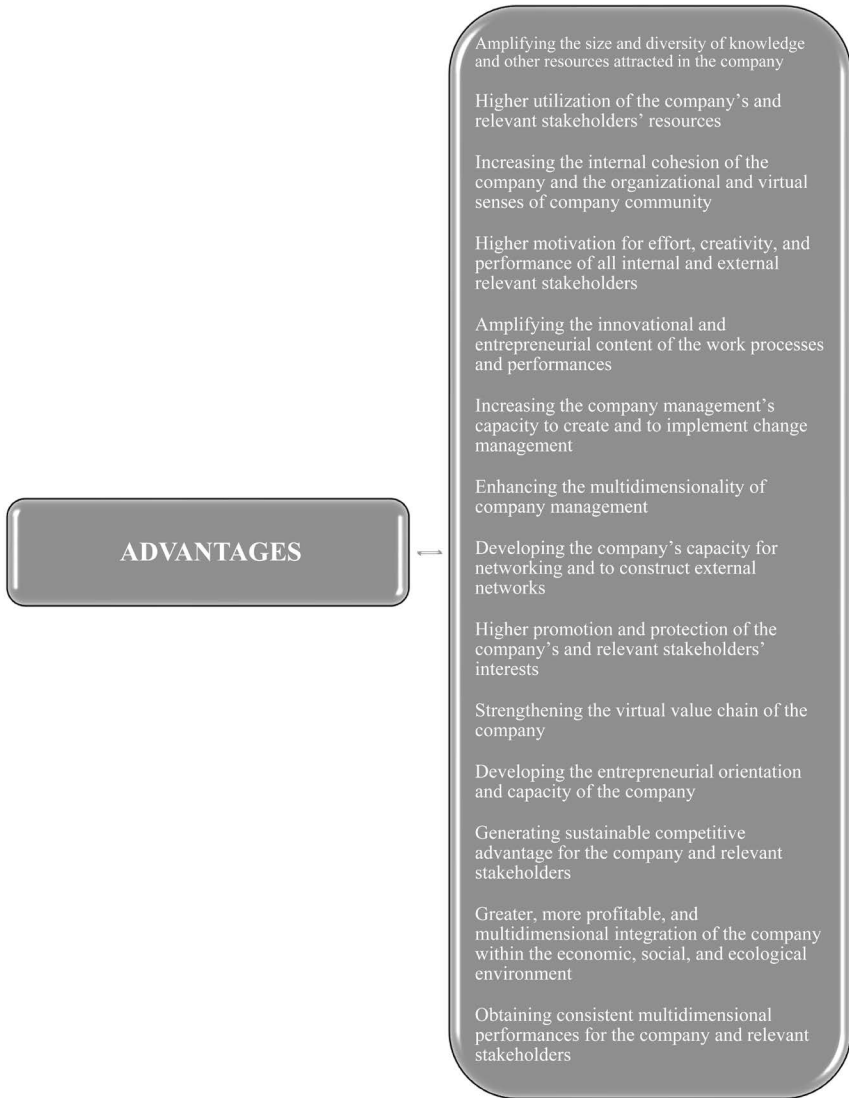


Figure 5.5 Main advantages of the company–relevant stakeholder-based management system.

Adapted from [Nicolescu and Nicolescu \(2021, p. 261\)](#).

Philosophical and Managerial Significance and Impact of the Manager/Leader-Relevant Stakeholder Paradigm

Without a doubt, the new manager/leader-relevant stakeholder paradigm has multiple implications and great significance in all scientific and pragmatic fields where management is present and/or has a notable impact.

In Management Science and Practice

Of course, the most substantial impact and implications of the new general management paradigm are on entity management science and practice. Below are the ones we think are most important.

- The manager/leader-relevant stakeholder paradigm is **the first general management paradigm that deals with the new type of management relationships and processes**, which started to develop in the last half of the 20th century. It has a major contribution to the development of management science and practice by incorporating and interrelating new and essential elements: an innovative vision of management and an entity, the two new constituents of management relationships and processes, a holistic framework for analysis of the management activities, the specific constructive and functional features, and theoretical-scientific facet and the pragmatic-operational facet. Hence, it develops an **innovative and comprehensive background to reshape entity management science and practice**.
- The manager/leader-relevant stakeholder management paradigm provides a **scientific framework** to analyze the content and development of new management practice. This framework generates valuable scientific and pragmatic knowledge, including the identification of the strengths and weaknesses of the management activities based on the manager/leader and relevant stakeholders, which is essential to increase an entity's performance.
- The manager/leader-relevant stakeholder paradigm helps to analyze and **understand the core of the recent innovative developments of management science and practice**, the specific characteristics and manifestation of management relationships and processes focused on managers/leaders and relevant internal and external stakeholders. This should accelerate the development and dissemination of the new management elements required by the transformative organizational changes in entities and the transition to a knowledge- and digital-based economy and society.
- The manager/leader-relevant stakeholder paradigm **facilitates and accelerates the reshaping of the entity management components**

according to its innovative elements. It should lead to substantial changes in the major parts of entity management (Figure 5.6). These changes result from the scientific–theoretical–methodological background and the characteristics, functionality, and performance of management activities that are deregulated in entities. The changes require substantial efforts, resources, and time, and strong involvement and motivation from manager/leaders and relevant internal and external stakeholders, based on recommendations in the literature (Andersen, 2022; Evans & Schilke, 2023; Goodall, 2024; Grimm & Reinecke, 2023; Hollister et al., 2021; Martin, 2021; Murphy et al., 2024; Rigby et al., 2023).

- The manager/leader–relevant stakeholder paradigm should have at least two major impacts on the **use of managerial mechanisms involving the manager/leader and relevant stakeholders**. The first is the acceleration of the dissemination and utilization in entities of existing managerial mechanisms such as CRM, SCM, CSR, and other approaches, methods, and procedures indicated in Appendix. The second refers to the design of new management systems, methods, and techniques based entirely on the new paradigm that substantially increase the functionality and performance of companies and other types of entities (e.g., managerial synapses and the company–relevant stakeholder-based management system).
- The knowledge and use of the manager/leader–relevant stakeholder paradigm **facilitates the awareness and consideration of the impact of social and economic megatrends and grand societal challenges on management** concepts, principles, approaches, rules, methods, and requirements, amplifying their innovative and dynamic content. It is very important to consider the latest developments regarding AI, the IoT, data analytics, the cloud, and other digital technologies. This consideration should be conceived realistically from the medium- and the long-term perspective, correlated with the major interests and common objectives of each entity and the relevant internal and external stakeholders.

In Management Philosophy

The significance and the impact of the manager/leader–relevant stakeholder management paradigm in the management philosophy can be summarized as follows.

- Because the manager/leader–relevant stakeholder paradigm is a core element of management science and practice, it represents an **essential element for the development of management philosophy**. Starting

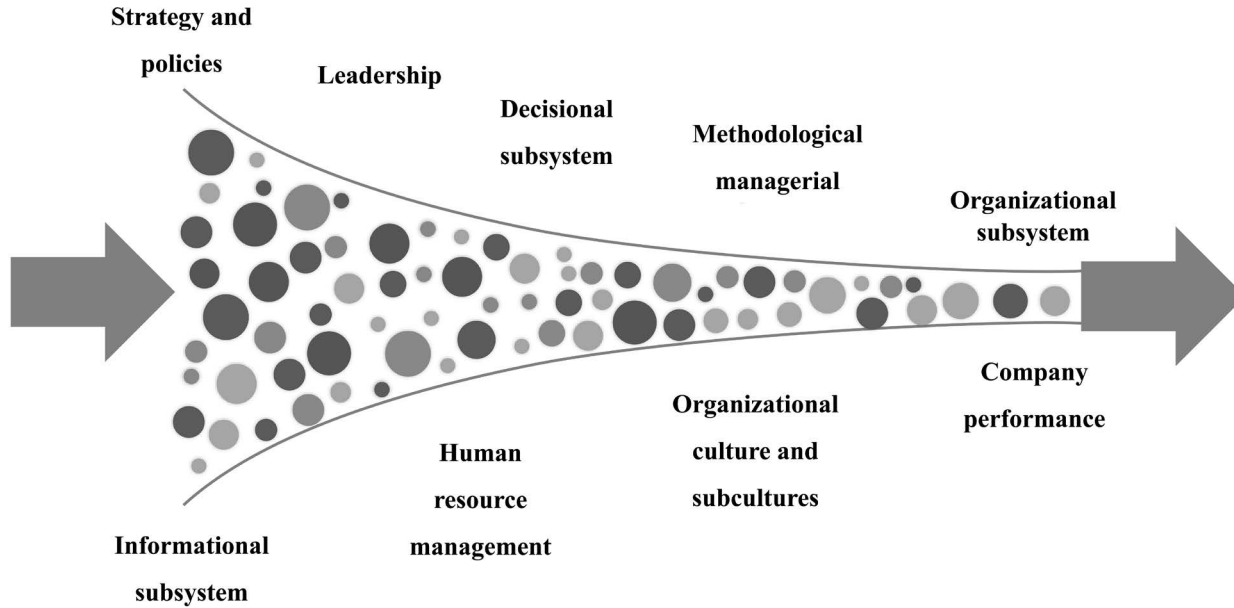


Figure 5.6 Changes in the entity management components.

from this new paradigm, management philosophy can analyze present and future developments of the entire management field from a new vision and innovative lens (Ergene et al., 2020). This should contribute to enrich and update management philosophy. Philosophical research based on this new paradigm should amplify the capacity of management philosophy to analyze, understand, and predict the future philosophical dimensions and implications of the management development, its reinvention in the context of the transition to the knowledge- and digital-based economy and society.

- Because the manager/leader–relevant stakeholder paradigm is a new concept that is not present in management or philosophy, it contributes to the **development of the epistemology of management**. It can generate new knowledge including partial management paradigms for the main management components, which are necessary and useful for the development of management philosophy and science. The perspectives are promising because it is the first time when epistemology of management can use in analysis and projection a general management paradigm, which reflects the latest evolution and trends in entity management and its context.
- Because the manager/leader–relevant stakeholder paradigm reflects the nature of the most up-to-date management relationships and processes in entities, revealing certain essential properties and relations between them, it is a very important part of **applied ontology in management** and **informal ontology**, a new branch of ontology that investigates the most abstract features of objects. In fact, this paradigm incorporates the essential abstract features of the new type of management relationships and processes practiced in human entities. This paradigm provides a new background for future research on ontology in management. Theoretical and methodological elements specific to this paradigm should facilitate ontology in two directions. The first is the study of the existence of the new type of management relationships and processes based on the manager/leader and the relevant stakeholders from an up-to-date perspective of the new management practice developed in entities in the last decades, under the impact of profound contextual transformations and megatrends. This should reveal their new characteristics and interpretations from philosophical and managerial points of view. The second is an examination of the two new constituents of management relationships and processes, namely, the manager/leader and relevant stakeholder. Formal and applied ontology in management could generate valuable philosophical contributions to the understanding, characterization, and development of management relationships and processes based on the manager/leader and relevant stakeholder, the essence of future management that should predominate in entities in the medium and long term.

- Because the following ethic values and principles, the trust, responsibility, loyalty, accountability, respect for others, transparency, leadership, and compassion are the core of the manager/leader-relevant stakeholder paradigm, it also represents a new, high-performance applied model of business ethics. In the centuries of classical management, with the manager-subordinate paradigm, business ethics has been just a code of conduct that outside actors have required entity management to consider, with modest results. The new paradigm based on formal negotiated responsibility, trust, and motivation of all relevant external and internal stakeholders represents a solid foundation for the innovative development of the **philosophy of business ethics and ethics management**. An entire new philosophy of ethics is necessary to valorize the huge ethics potential of the new paradigm, generating new types of responsibility in their relationships between entities, consumers, entity employees, traders, investors, local communities, and other relevant stakeholders.
- The manager/leader-relevant stakeholder paradigm is connected with **philosophical reasoning** because it is based on certain assumptions and beliefs. Given that it is in the nascent stage of management science practice, the development and proliferation of this paradigm will require changes in the beliefs and assumptions involved and their analysis. This new topic for philosophical reasoning in management has specific contributions regarding the qualitative aspects and relevance of certain elements, including decisions, actions, and behaviors for scientific and practical development of management.

The elements presented in this paragraph demonstrate the major significances and crucial implications and impacts of the manager/leader-relevant stakeholder general management paradigm on the management science, practice, and philosophy development. The manager/leader-relevant stakeholder paradigm means to renounce gradually the traditional management model based on the primacy of shareholders and facilitate the transition to a management model based on the common main purposes and objectives of entities and their relevant internal and external stakeholders, and the harmonization of their decisions, actions, and behaviors.

The new management paradigm can contribute substantially to a redistribution and democratization in organizations to ensure a sustainable future for society and the economy ([Battilana et al., 2022](#)).

Notes

- 1 A comprehensive approach of the relevant stakeholder methodology to evaluate the stakeholder relevance and arguments for using the term relevant stakeholder, and not “salient” stakeholder, is presented in the book *Stakeholder Management and Social Responsibility: Concepts, Approaches and Tools in the Covid Context* ([Nicolescu & Nicolescu, 2021](#)).

- 2 Of course, we know that the term “relevant stakeholder” has been used before, but to a limited extent and in quite a different approach and context. Some examples are Garcia-Castro & Aguilera (2015) and Lelea et al. (2016). The book *Stakeholder Management and Social Responsibility: Concepts, Approaches and Tools in the Covid Context* (Nicolescu & Nicolescu, 2021) presents the new vision and approach of a relevant stakeholder.

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6 Why Does the Manager/Leader–Relevant Stakeholder General Management Paradigm Represent A Revolutionary Transformation in Management Philosophy, Theory, and Practice?

In the previous chapters, we have argued that it is necessary to change the present general management paradigm to reinvent entity management (Chapter 4) and have highlighted the possibility; opportunity; and essential content, advantages, and implications of this transformative change (Chapter 5). In this chapter, we demonstrate why the new manager/leader–relevant stakeholder general management paradigm represents a revolutionary transformation in entity management and society. As shown in Figure 6.1, we focus on **three categories of arguments**.

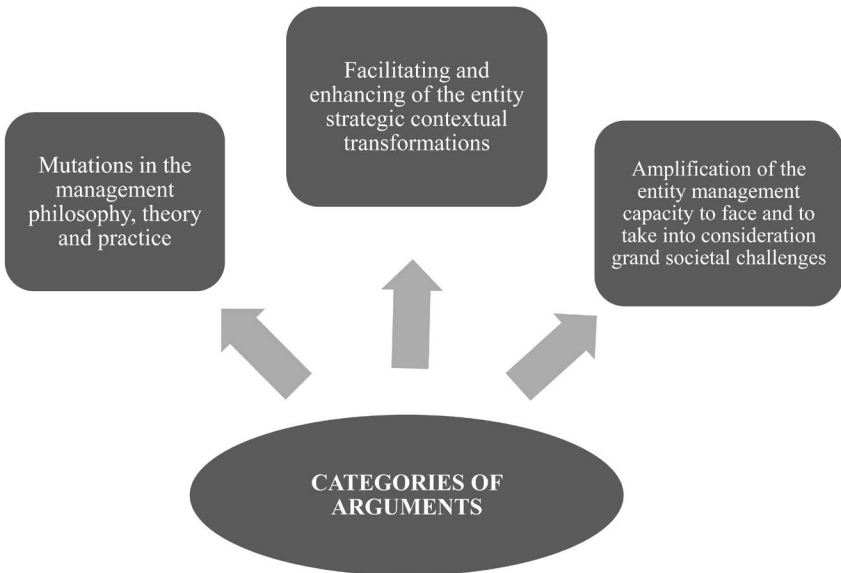


Figure 6.1 Three categories of arguments to demonstrate why the new manager/leader–relevant stakeholder general management paradigm represents a revolutionary transformative change in entity management.

Mutations in Management Philosophy, Theory, and Practice of Business Entities

The radical change from the manager–subordinate general management paradigm to the manager/leader–relevant stakeholder general management paradigm will lead to deep transformative changes in all major components of company management, the main type of business entity (Table 6.1). These elements reveal the radical transformations in company management will allow it to capitalize much better on the present and future contextual innovative parameters and grand societal challenges. This will produce a better and more sustainable multidimensional performance for the company, its internal and external stakeholders, and society.

The elements incorporated in Table 6.1 reveal the **radical transformations in the company and its management**, able to a capitalize much better

Table 6.1 Mutations in company management due to the manager–subordinate to manager/leader–relevant stakeholder general management paradigm shift

<i>Features</i>	<i>Manager–subordinate paradigm</i>	<i>Manager/leader–relevant stakeholder paradigm</i>
1. Vision regarding the mission and content of company management	Absolute focus on the owner’s interests and objectives, using authoritarian management relationships, processes, mechanisms, and approaches, and absolute priority given to business performance	Focus on the main interests and common objectives of the company and its relevant internal and external stakeholders, using a new type of management processes and relationships based on win–win negotiation, intense communication, cooperation, and collaboration, aiming for multidimensional performance that is beneficial for all involved, including society
2. Scope of company management	Company activities	Company and virtual value chain of the company
3. Organizational approach	Closed system focused on the owner’s objectives, mainly profit	Open system with a multidimensional focus on common objectives and win–win negotiations with relevant internal and external stakeholders

(Continued)

Table 6.1 Mutations in company management due to the manager–subordinate to manager/leader–relevant stakeholder general management paradigm shift (*Continued*)

<i>Features</i>	<i>Manager–subordinate paradigm</i>	<i>Manager/leader–relevant stakeholder paradigm</i>
4. Content and use of corporate social responsibility	Use of corporate social responsibility mainly in corporations and large companies to consider some social responsibilities—especially legal, ethical, and philanthropic—reflecting the increasing demands of society; it has been practiced in a small percentage of the companies with modest results	Extension of the use of corporate social responsibility in all types of companies, transforming it in company social responsibility, alongside the creation of a strong management background based on the relevant external and internal stakeholders, with consideration of a large variety of societal requirements and grand challenges, generating greater and sustainable economic and social benefits
5. Approach to people	A hierarchical approach where people are considered to be a labor force capable of carrying out tasks and generating added value for the company	People possess and produce tacit and explicit knowledge and intellectual capital, have complex personalities, and can be intensely motivated, with a shift toward humanistic management
6. Approach to internal and external company stakeholders	Usually not a priority of the company, although its management sometimes makes exceptions for very important internal and external stakeholders—such as certain clients, suppliers, or local communities—using specific managerial approaches and mechanisms	Internal and external stakeholders are considered essential for the organization; management uses new types of approaches and mechanisms based on common objectives, win–win negotiations, trust, intense communication, collaboration, cooperation, reasonable compromise, and others
7. Constituents of management processes and relationships	<ul style="list-style-type: none"> • Manager (classic), mainly based on hierarchy • Subordinate, managed predominantly through hierarchy 	<ul style="list-style-type: none"> • Manager/leader based mainly on the win–win approach and collaboration • The relevant internal or external stakeholder is treated as a real partner

(*Continued*)

Table 6.1 Mutations in company management due to the manager–subordinate to manager/leader–relevant stakeholder general management paradigm shift (*Continued*)

<i>Features</i>	<i>Manager–subordinate paradigm</i>	<i>Manager/leader–relevant stakeholder paradigm</i>
8. Content of management processes and relationships	Focus on company objectives, hierarchy, strictly on subordination, and strongly formalized elements	Focus on the mutual interests, common objectives, win–win relationships, collaboration, trust, reasonable compromise, and mutual advantages of the company and its relevant stakeholders
9. Resource prioritization	Focus on tangible resources of the company	Focus on intangible and tangible resources of the company and relevant stakeholders
10. Capital structure and approach	Focus on the company’s capital, with priority given to financial and technical–material capital	Focus on the capital of the company and its stakeholders, with special care to the knowledge, structural and relational intellectual capital, and human capital, besides financial and technical–material capital
11. Structuring of company activities	Company activities are structured in five classical functions: research development, commercial, operational (production), financial, accounting, and human resources	Activities are structured in seven functions: the five classical functions reshaped to a great extent, and two new functions, namely, knowledge and training function
12. Approaches to work processes	Focus on continuity, highly formalized work processes, compliance with rules, strict discipline, etc., using classical tools and technologies and, to some extent, information technology	Focus on the use and amplification of multidimensional, innovative, and flexible work processes, with a rich information and knowledge content, using to a large extent high-tech and digital tools
13. Information technology and digital support	In a large part of company, usually is a modest support, with digital information processing having a medium impact on the functioning and performance of company management	Frequently, high-level digitalization, ensuring quick access to a large quantity of information and knowledge, with a major positive impact on functioning, performance, and the development of “organizational intelligence” (Kolbjørnsrud, 2023)

(*Continued*)

Table 6.1 Mutations in company management due to the manager–subordinate to manager/leader–relevant stakeholder general management paradigm shift (*Continued*)

<i>Features</i>	<i>Manager–subordinate paradigm</i>	<i>Manager/leader–relevant stakeholder paradigm</i>
14. Managerial tools	Classical management systems, methods, and techniques, which are highly formalized and focused on the capitalization of the company tangible resources	Wide use of classical management tools that have been remodeled as well as new management tools: managerial synapses, the company–relevant stakeholder-based management system, and other methods and techniques mentioned in Appendix 1, able to valorize intangible and tangible resources of the company and its relevant stakeholders
15. Approach to performance	Focus frequently on the company’s short-term financial performance	Focus on multidimensional (economic, social, ecological, educational, etc.) performance of the company and of the relevant internal and external stakeholders, approached with a sustainable vision

on the present and the future contextual innovative parameters and grand societal challenges, generating higher and sustainable multidimensional performances for company, internal and external stakeholders, and society.

Facilitation and Enhancement of an Entity’s Strategic Contextual Transformations

There are strong interdependencies, relationships, and mutual substantial impacts between entity management and the contextual transformations in society and the economy. In [Chapter 4](#), we have approached and revealed the multifaces and substantial impact of the essential contextual transformations on the organizations and the management practiced in their framework.

Here, we analyze the influence of entity management based on the new manager/leader–relevant stakeholder general management paradigm and contextual transformations. According to our observations and evaluations the content, the speed and the consequences of the societal and business transformations are larger or smaller, more or less performant, depending on the entities features and what happened within and their management.

Based on our analysis, we have identified a **set of elements within entity and its management based on the new paradigm that have a notable impact on the evolution of the economy and society**. These elements can be divided into **two categories**: elements with a general impact on the entity's context and elements with a special and substantial impact on each the three main contextual transformations.

The Main Features of Entity Management That Largely Influence All Societal Transformations

The main features of entity management based on the new paradigm that influence to a large extend all major societal contextual transformations are the following:

- An open and innovative vision and approach to company management contributes to accelerate the development of the economy and society based on the knowledge, digitalization, and stakeholders.
- A focus of entity management on external stakeholders deregulating their activities in the company context provides more information regarding what happens outside the company context, with consideration of how concrete interests and contributions affect these changes and challenges.
- The entities through contributions of internal and external stakeholders have additional tangible and intangible resources to contribute to the implementation of the new elements of digitization, digitalization, digital transformations, and a knowledge-based economy.
- The superior motivation of the company management and its relevant internal and external stakeholders generated by common objectives, win-win negotiations, and intense collaboration amplifies greater taken into consideration of present and future societal transformations.
- Refocusing and restructuring an entity's activities on knowledge and intellectual capital increases the entity's capacity to successfully notice and implement the possibilities and opportunities provided by societal transformations, thus amplifying these changes.
- A refocus of the entity and management on multidimensional performances (economic, social, ecologic, educational, medical, etc.) involves and enhances the activities, decisions, and actions to implement the new elements incorporated by the contextual transformations.

The New Specific Elements Supporting Major Societal Transformation

Table 6.2 presents how the new type of entity management can support and enhance three contextual transformations. The elements demonstrate that remodeling entity management according to the manager/leader-relevant

Table 6.2 How the new type of entity management facilitates and enhances contextual transformations

<i>No.</i>	<i>Contextual transformation</i>	<i>Entity management premises and major ways of facilitating and intensifying the contextual transformations</i>
1.	Transition to stakeholder capitalism	<ul style="list-style-type: none"> • Reorientation and focus of entity management on internal and external stakeholders accelerates the transition to stakeholder capitalism • Entities promote common objectives with internal and external stakeholders, placing stakeholders in the foreground and disseminating this approach in the economy and society • Practicing management relationships and processes based on the new manager/leader–relevant stakeholder paradigm incorporates relevant stakeholders, representing a concrete and pragmatic way of building stakeholder capitalism
2.	Transition to a knowledge-based economy (smart economy)	<ul style="list-style-type: none"> • Entity management focuses on knowledge and intellectual capital that it and its relevant stakeholders possess, representing a concrete way to develop a knowledge-based economy • Use of the manager/leader–relevant stakeholder paradigm accelerates the development and proliferation of knowledge-based management, which is essential for a knowledge-based economy functioning and performance • More entities become knowledge-based companies (ecosystem, digital platform, business hub, live lab, etc.), the main component of a knowledge-based economy • In entities, internal and external relevant stakeholders function largely in networks, and networking is one of the main features of a knowledge-based economy • Superior multidimensional performance of entities due to the focus on knowledge of the organization and its stakeholders leads to the development of knowledge-based management and knowledge-based companies that determine performances and its development, the amplification of a knowledge-based economy
3.	Transition to a digital economy	<ul style="list-style-type: none"> • The new manager/leader–relevant stakeholder paradigm and type of management relationships and processes focused on knowledge, innovation, collaboration, and stakeholders facilitate and amplify the use of digitization, digitalization, and digital transformation in entities, contributing to the expansion and development of a digital economy • A substantial portion of internal and external stakeholders, which are more empowered through the new type of management, have the knowledge, interests, and resources to use and develop the digital transformation in their entities • Entity management based on the new paradigm, by all its characteristics, favors the creation and development of a digital company, which is the main component of a digital economy

stakeholder paradigm incorporates many premises, ways, and capabilities that are able to accelerate and amplify the building and performance of the economy and society based on knowledge, digitalization, and stakeholders.

The elements presented demonstrate that the entities and management, reshaped according to the manager/leader–relevant stakeholder new general management paradigm, incorporate many premises, ways, and capabilities able to accelerate and amplify the building and the performances of economy and society based on the knowledge, digitalization, and stakeholders.

Amplification of the Capacity of Entity Management to Consider and Face Grand Societal Challenges

The Relationship Between Grand Societal Challenges and the New General Management Paradigm

Grand societal challenges represent one of the most frequently discussed and analyzed (using a myriad of approaches) societal topics of our times. Essentially, a **grand societal challenge** refers to a set of significant, complex, and wicked problems or issues that face society, impacting a large number of people throughout the world. Thus, they must be tackled with ample, concerted, collaborative, and sustained efforts and innovative approaches from various actors—public, private, and nonprofit—to be addressed successfully (Adomako et al., 2023; Brammer et al., 2019; Drori et al., 2025; Fernhaber & Zou, 2022; George et al., 2016; Ritala, 2023; Voegtlin et al., 2021).

Grand societal challenges by their nature require coordinated and sustained efforts from multiple and diverse stakeholders toward a clearly articulated problem or goal. Solutions to grand societal challenges typically involve changes in individual and societal behaviors, changes on how actions are organized and implemented and progress in technologies and tools to solve these problems (George, et al., 2016).

There are a large variety of opinions and analyses of grand societal challenges. We have identified differences in what scholars think are the grand societal challenges we are currently facing. From our analysis, the most frequently grand societal challenges mentioned are climate change, emerging AI, economic volatility and instability, massive social and environmental migration, population aging, increasing income and wealth inequality, how to improve well-being for all, global pandemics, and globalization. Besides these, there are other societal challenges considered quite often as being grand societal challenges.

Grand societal challenges present the following main features (Fernhaber & Zou, 2022; George et al., 2016; Voegtlin et al., 2021):

- A global scale.
- Great complexity.

- A value-laden character.
- Involve uncertainty.
- Are very difficult to address.
- Are ultimately treatable.
- Require the contribution of a large variety of actors.
- Require substantial political support.
- Require collaborative and collective knowledge, efforts, and actions.

It is very clear that approaching and solving grand societal challenges requires massive efforts from all entities incorporated in society. Companies are the most widespread type of organization in every country, employing a large portion of the population and having a huge amount of intangible and tangible resources. All grand societal challenges have substantial, direct, and indirect impacts on the existence, functioning, and performance of companies. For these reasons, companies should be one of the main actors to contribute solving grand societal challenges, of course, in their fields and communities. The cumulative positive effects of millions of companies tackling grand societal challenges could be huge, bigger than that of the any other social entity.

The new type of company management, based on the manager/leader-relevant stakeholder paradigm, provides much better premises and conditions to increase the contribution of entities to grand societal challenges. **The innovative elements that facilitate the consideration and contribution to face grand societal challenges, and to initiate and implement performant decisions, actions, and behaviors in companies and the relevant internal and external stakeholders,** can be systematized as follows:

- An open vision of company management and relevant internal and external stakeholders favors the seizing, understanding, and taking into consideration of grand societal challenges.
- Special interests of certain categories of relevant stakeholders for certain grand societal challenges represent a favorable premise for a more intense and efficacious consideration.
- The common objectives of company management and relevant stakeholders can reflect the certain essential elements of grand societal challenges, and/or can be harmonized with them.
- Win-win negotiation, major and permanent feature of the new type of management, facilitates decision-making and acting that contributes to tackle grand societal challenges.
- The greater availability of intangible and tangible resources can be leveraged to protect companies and their relevant stakeholders from the risks associated with grand societal challenges and take action to address these issues.

- There could be superior motivation of managers/leaders and relevant stakeholders to consider the implications of some grand societal challenges on the company and relevant stakeholders.
- The utilization of new management and economic methods and tools can better valorize the opportunities and work processes specific to the management based on manager/leader–relevant stakeholder paradigm, to reduce risks related to grand societal challenges and provide opportunities to address them.
- Companies and their relevant stakeholders can utilize a richer set of information and knowledge, part of them new, comparative with the previous times, which can be used for the management of entities and relevant stakeholders’ decisions, actions, and behaviors, in agreement with the grand societal challenges implications.
- Organizational culture and human resources’ mentality and behavior, based on intense communication, collaboration, cooperation, and networking within the company and with internal and external relevant stakeholders, favor the initiation, the achievement of the friendly and efficient actions, taken into consideration the constructive grand societal challenges requirements in the entity and external relevant stakeholders’ areas.
- Redirection of companies and their relevant stakeholders toward multiple and multidimensional objectives and performance provides better premises to address grand societal challenges, and to reduce risks and vulnerabilities to companies and their stakeholders.
- The transition from CSR utilized presently especially in corporations to company social responsibility among companies of all sizes should increase the awareness that it is necessary to address grand societal problems and accelerate the generation of effective and efficient solutions.

Main Categories of Relevant Stakeholders Largely Interested in Grand Societal Challenges

We have identified what are the main categories of relevant stakeholders that are more interested, motivated, and resourceful for each major grand societal challenge (Table 6.3). The new type of entity management refocused on the manager/leader–relevant stakeholder paradigm provides superior premises and conditions for a company and its relevant stakeholders to contribute to solve grand societal challenges. Consideration of more local companies and their relevant stakeholders of grand societal challenges should result in cumulative and synergistic effects that accelerate the transformative societal changes required to mitigate these issues.

All elements presented in this paragraph demonstrate that the new type of entity management refocused on the manager/leader–relevant

Table 6.3 The main categories of company–relevant stakeholders that are more interested, motivated, and resourceful to consider major grand societal challenges

<i>No.</i>	<i>Grand societal challenge</i>	<i>Categories of company–relevant stakeholders</i>
1.	Climate change	<ul style="list-style-type: none"> • Company manager/leader • Local community • Company employee • Local administration • Investor
2.	Emerging artificial intelligence	<ul style="list-style-type: none"> • Company manager/leader • Shareholder • IT and digital provider • Research and development and consulting organization • Client • Supplier
3.	Economic volatility and instability	<ul style="list-style-type: none"> • Shareholder • Company manager/leader • Client • Supplier • Company employee • Research and development and consulting organization • Local community • Local administration • IT and digital provider
4.	Massive social and environmental migration	<ul style="list-style-type: none"> • Local community • Local administration • Shareholder • Company manager/leader • Investor • Client
5.	Population aging	<ul style="list-style-type: none"> • Local community • Local administration • Company manager/leader • Company employee • Investor
6.	Achieving better well-being and better well live for all	<ul style="list-style-type: none"> • Company employee • Local community • Local administration • Investor • Supplier • Client

(Continued)

Table 6.3 The main categories of company–relevant stakeholders that are more interested, motivated, and resourceful to consider major grand societal challenges (*Continued*)

<i>No.</i>	<i>Grand societal challenge</i>	<i>Categories of company–relevant stakeholders</i>
7.	Increasing income and wealth inequality	<ul style="list-style-type: none"> • Local administration • Company manager/leader • Company employee • Local community • Research and development and consulting organization
8.	Globalization	<ul style="list-style-type: none"> • Investor • Shareholder • Company manager/leader • Company employee • Supplier • Client • IT and digital provider • Research and development and consulting organization • Local community
9.	Global pandemics	<ul style="list-style-type: none"> • Company employee • Company manager/leader • Local community • Local administration • Shareholder • Investor • Client • Supplier • Research and development and consulting organization • IT and digital provider

stakeholder general management paradigm provides superior premises and conditions for the approach and contribution by company and relevant stakeholders to the grand societal challenges implementation. The positive pragmatism effects in the society shall increase gradually as the remodeling companies’ management progresses according to the new management paradigm. The future social contribution and progresses achieved by numerous locally companies and their relevant stakeholders for the taking into consideration of the grand societal challenges shall determine, by cumulative effects and synergies, the acceleration and amplification of the societal transformative changes, required by grand societal challenges.

**Synthesis of the Main Arguments of Why the Manager/
Leader–Relevant Stakeholder General Management Paradigm
Represents a Revolutionary Transformation in Entity
Management and Its Content**

Table 6.4 presents the **main theoretical and pragmatic arguments that support the conclusion that the new general management paradigm we have described in this book represents an essential change in management theory and practice.** This change has numerous and profound consequences for the majority of their constituents and contributes to the facilitation and amplification of societal transformation.

Table 6.4 Main arguments that demonstrate that the manager/leader–relevant stakeholder general management paradigm is a revolutionary concept and mechanism

No. Arguments

1. It represents a new philosophical management vision with multiple dimensions—ethical, epistemological, ontological, aesthetical, etc.—reflecting the refocusing of entity management on a new type of management processes and relationships, appealing to high-performing and innovative concepts, approaches, mechanisms, tools, etc., for companies, their relevant stakeholders, business, and society.
2. It changes the structure of the management processes and relationships to a large extent by focusing on the manager/leader–relevant stakeholder (internal and external) interface/relationship, instead of focusing on the classical manager–subordinate relationship.
3. It changes the nature of the management processes and relationships deeply because the manager/leader–relevant stakeholder relationship is based on a win–win approach, which is less hierarchical and more collaborative, motivational, and innovative, centered on the accomplishment of the company and relevant stakeholders’ joint objectives and interests.
4. It represents a new basic management conception capable of enabling the harmonization of interests of the company and its relevant stakeholders, building a win–win context.
5. It focuses on the knowledge of a company’s stakeholders—the most important resource in the new economy—favoring its intensive, innovative, and productive knowledge sharing, increasing open innovation and sustainable performance.
6. It is more open, innovative, and flexible toward the implementation of digital transformation, make better use of knowledge and other intangible and tangible resources of relevant internal and external stakeholders.
7. It valorizes the potential of internal relevant stakeholders—managers, employees, and shareholders—to a higher level by establishing mutual win–win objectives; more harmonized decisions, actions, and behaviors; and greater motivation for effort, creativity, and performance.

(Continued)

Table 6.4 Main arguments that demonstrate that the manager/leader–relevant stakeholder general management paradigm is a revolutionary concept and mechanism (*Continued*)

No. Arguments

8. It valorizes a company's environmental opportunities much better by generating higher motivation and involvement of company's external relevant stakeholders in its activities.
 9. It contributes to facing environmental threats more effectively based on the contributions of relevant external and internal stakeholders.
 10. It is able to help organization management and relevant stakeholders to better consider grand societal challenges, contributing to the acceleration and amplification of their fulfillment.
 11. It determines deep changes to the approaches, characteristics, and functioning of all major components of management: managerial functions, organizational strategy and policies, decision-making processes, management systems, methods, techniques, organizational structure, information system, leadership, human resources management, and organizational culture and subcultures.
 12. It represents a strong background to generate greater multidimensional performance for the company and its relevant stakeholders in a sustainable way, taking into consideration the VUCA (volatility, uncertainty, complexity, and ambiguity) contextual elements, which are rapidly increasing in this period of digital transformation and transition to a knowledge-based economy.
 13. It contributes via its multiple innovative approaches and action to accelerate and amplify societal transformations and the consideration of grand societal challenges.
-

Conclusive Remarks

To conclude this book, we consider it necessary to provide a set of remarks that **synthesize the necessity and the perspectives of remodeling management philosophy, theory, and practice according to the revolutionary manager/leader–relevant stakeholder general management paradigm.**

- a New type of management based on manager/leader–relevant stakeholder paradigm represents an innovative and complex undertaking to reinvent entity (company) management, whose necessity, possibility, and opportunity are argued from multiple perspectives in [Chapters 4 and 5](#).
- b The new general management paradigm is valid for management use in all fields (economic, social, politic, etc.) and at all levels (micro, mezzo, macro, and international).
- c Priority for the new type of management should be the companies, where in fact is the genesis of the manager/leader–relevant stakeholder general management paradigm by the development of innovative managerial mechanisms—CRM, SCM, CSR—and where are greatest necessities and perspectives for management reinvention.

- d Management philosophy, theory, and practice of companies must be reviewed and remodeled starting with management vision and moving to company strategy, management systems and methods, organizational culture, and company and stakeholder performance.
- e The firm's urgency is the knowledge, understanding and acceptance of the new general management paradigm by management teachers, trainers, and consultants, who have a decisive role in the dissemination and promotion of innovative philosophical and theoretical management elements in organizations and society.
- f The assimilation and utilization of the new paradigm by company managers, specialists, and relevant stakeholders, and by management teachers, trainers, and consultants, should be treated with caution and will be difficult for several reasons: people from any field are reluctant to give up their previous practices and habits; to replace them with new, radically different elements requires great effort and time, so people avoid or postpone this change from as long as possible as long as the entity is not faced with an existential crisis; most people postpone for as long as possible the initiation and implementation of profound innovative transformations, which have great psychological and sociological impacts.
- g Analysis of the approaches and ways used so far to solve grand societal challenges indicates problems, which have a huge impact on society and on the entities incorporated within, indicates the necessity of new social, political, economic, ecological, and educational visions and approaches, alongside existing stimulus and opportunities for a new type of management based on the harmonization of all stakeholder interests, the establishment of common objectives, win-win negotiation, intense communication, collaboration, and cooperation.
- h Strategic contextual transformations—digitalization of society, transition to a knowledge-based society and economy, and ushering in the stakeholder era—represent a stimulating and favorable context for changes to management philosophy, theory, and practice based on the new general management paradigm.
- i The elements incorporated in this book that are focused on the new paradigm are only a starting point for generating a new type of management philosophy, theory, and practice. It must be improved and expanded through intense and comprehensive research and through the development of the management practices in companies and other types of entities.

The revolutionary manager/leader-relevant stakeholder general management paradigm represents a solid foundation for management reinvention—which has been requested by so many top management professors, researchers, consultants, and prestigious management bodies. This phenomenon is essential so that entity management is performant

in the new company context characterized by a knowledge- and digital-based economy and a refocusing on stakeholders. As with any revolutionary change, the dissemination and implementation of the new general management paradigm will be complex, comprehensive, and challenging, involving huge efforts and competences, although they are entirely justified based on its necessity and performance.

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Appendix

Table A.1 List with the management approaches, models, methods, and techniques recommended for the entire management system based on the manager/leader-relevant stakeholder general management paradigm

A. Methodological approaches

1. Capability Maturity Model Integration (CMMI) (Bourne, 2009)
2. Organizational Project Management Maturity Model (OPM₃) (Bourne, 2009)
3. Portfolio Programme and Project Management Maturity Model (P₃M₃) (Bourne, 2009)
4. Stakeholder Circle (Bourne, 2009)
5. Large Multi-Stakeholder Partnership (Clarke & MacDonald, 2019)
6. Selective Revealing Practice (Alexy et al., 2003; Jarvenpaa & Välikangas, 2014)
7. Long-Term Plan for Value Creation with Investors (Youmans & Tomlinson, 2017)
8. Analytical Framework for Collaborative Planning Processes (Vandenbussche et al., 2017)
9. Intra-Stakeholder Alliance (Fassin, et al., 2017)
10. Stakeholders Co-Creative Network (Calton, 2013)
11. Social Return on Investment (SROI) (Hall et al., 2015)
12. Dialogic Accountings (Brown & Dillard, 2015)
13. Stakeholders Analysis (Morphy, n.d.)
14. Stakeholders Analysis Matrix (“Stakeholder Management Strategy Template,” n.d.)

B. Models

1. Relationship Management Maturity (RMM) (Bourne, 2009)
2. Four Factors Stakeholder Model (Harrison & Wicks, 2013)
3. Leadership Communal Sharing Model (Wellman, 2017)
4. “Six Market” Model (Freeman et al., 2010)

C. Methods

1. Stakeholder Management Place Smart-Sheet (Eby, 2021)
2. Stakeholder Communication Plan Template (Eby, 2021)
3. Value Creation Stakeholder Partnership (VCSP) (Mitchell et al., 2015)
4. Stakeholder Strategy Matrix (Freeman et al., 2010)

(Continued)

Table A.1 List with the management approaches, models, methods, and techniques recommended for the entire management system based on the manager/leader–relevant stakeholder general management paradigm (*Continued*)

A. Methodological approaches

5. BABOK Stakeholder Concern (Brandenburg, 2010)
6. Conduct Stakeholder Analysis (International Institute of Business Analysis, 2009)
7. Social Responsibilities Matrix (Haski-Leventhal et al., 2017)

D. Techniques

1. Stakeholder Interview (Cummings, 2002; Owen, 2003)
 2. Stakeholder Focus Group (Cummings, 2002; Owen, 2003)
 3. Stakeholder Public Meeting (Cummings, 2002; Owen, 2003)
 4. Stakeholder Consultation (Cummings, 2002; Owen, 2003)
 5. Advisory Stakeholders Panel (Owen, 2003)
 6. Stakeholder Evaluation Hotline (Skolits & Boser, 2018)
 7. Stakeholder Performance (Ashworth et al., 2011)
 8. Stakeholder Matrix Diagram or Grid (Ashworth et al., 2011; Bryson, 2004)
 9. Power Versus Interest Grid or Matrix (Caroli, 2022; Morphy, n.d.)
 10. Stakeholder Analysis Mind Map Template (Morphy, n.d.)
 11. Stakeholder Map (Ashworth et al., 2011)
 12. Stakeholder Influence Network (Ackermann & Eden, 2011)
 13. Stakeholder Management Web (Ackermann & Eden, 2011)
 14. Acceptance and Evaluation Criteria Definition (International Institute of Business Analysis, 2009)
 15. Alignment, Interest, Influence Matrix (Hearn, 2014)
 16. Dow Jones Sustainability Index World DJSIW (Giannarakis et al., 2017)
 17. List Evaluation Stakeholders (Bryson et al., 2011)
 18. Basic Stakeholders Analysis Technique (Bryson et al., 2011)
 19. Stakeholder Influence Diagram (Bryson et al., 2011)
 20. Basis of Power—Directing of Interest Diagram (Bryson et al., 2011)
 21. Participation Planning Matrix (Bryson et al., 2011)
 22. Stakeholder Role Plays (Bryson et al., 2011)
 23. Recommendation Attractiveness Versus Stakeholder Capability Grid (Bryson, 2004; Bryson et al., 2011)
 24. Recommendation Implementation Strategy Development Grid (Bryson et al., 2011)
 25. Ethical Analysis Grid (Bryson, 2004)
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Adapted from Nicolescu and Nicolescu (2021).

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