

## BOOK REVIEW

### Managing in the next Society

By: Drucker, Peter, F

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*More Knowledge about the Drucker as an Author, more Deep Understanding his works.*

**Drucker, Peter, F** is a Writer, American management consultant, Author, Educator, as well as Influential thinkers on management, and he has a great contribution to the philosophical as well as practical foundations of modern business corporation; more over he nicknamed as the “Father of Modern Management”. Most of his writings dealt with how humans are organized within environments. **Drucker**, defined management in one of his books titled “The Principles of Management”; as a multi- purpose organ that manages business and manages managers as well with managing the workers and work, in this sense, he believed that effective managers who must understand things like psychology, science, religion and other related things. He observed that often managers tried to take charge of everything; which is unbelievable to control, so advocated strongly for the decentralization of management through delegate tasks to empower the employees.

**Drucker**, he is the first by 1950s who stated that employees were to be as assets to any organization not as liabilities. He taught that the most durable organizations were the ones who developed individuals both intellectually and morally; he developed the core foundation of his beliefs about business and society, he was more interested in the behaviors of individuals that led him to build a strong functioning society.

**Drucker**, in 1943, started his own consulting business, which allowed him to work with figured companies like IBM and Procter& Gamble where he realized that the most obvious things for a business to achieve were innovation as well as marketing. That is why Drucker is known as a developer of management theories through his innovative ideas about business management; his theories reflect how important business environments are and the opportunity that managers have to create positive change and progress in the workplace.

Drucker was born in Austria in 1909, and after a long trip of experiences from Germany-to London when he left in 1937, then finally settled in United State, just died at his 96<sup>th</sup> date of birthday in 2005; after having the awarded of the (Presidential Medal of Freedom) for his distributions to management theory in 2002.

After 2005, Drucker Institute was created to continue to advocate his belief that *strong organizations lead to a stronger society*.

**Peter Drucker, F. Books:**

Throughout his career, he wrote (39) books, which still used today, some of them, are:

- The Practice of Management, 1954.
- The 5 Most Important Questions You Will Ever Ask About Your Organization.
- The Effective Executive, 1966.
- Managing Oneself, 2008
- Innovation & Entrepreneurship, 1985
- Management Tasks, Responsibilities, Practices, 1973
- The Essential Drucker, 2000
- Management Challenges for the 21<sup>st</sup> Century, 1993.
- Managing for Results, 1964
- Managing the Non- Profit Organization, 1989.
- Managing in the next Society (the reviewed book), 2002.
- Managing in the time of Great Change, 1995... and other books.

**Review of the book "Managing in the Next Society, 2002"**

*Tomorrow is closer than you think. Peter Drucker explains how it will differ from today, and what needs to be done to prepare for it.*

**Drucker** called management a “social technology” and referred to himself as a “social ecologist”, meaning someone who watches and understands the an-made environment of modern societies. This environment is made up of institutions and organizations that need highly skilled people called managers”, who achieve their objectives with others and through others.

**Drucker** provided his assessment of social, economic, and organizational developments of the near future. It might be tempting to discount this important work as just another set of predictions. Yet, coming from Drucker, the insights contained in this book are realities rather than possibilities. The book is about our future, as it is clearly seen by a brilliant visionary-the future, which is described to us with the patience and repetition of a great teacher, so we can internalize and begin to act on its implications even before the rest of us are able to distinguish its features.

Another must have book for folks that are managing or will be managing public organizations now and over the next decade!

**Drucker**, believe that the new economy may or may not materialize, but there is no doubt that the next society will be with us shortly. In the developed world, and probably in the emerging countries as well, this new society will be a good deal more important than the new economy. It will be quite different from the society of the late 20<sup>th</sup> century, and different from what most people expect. Much of it will be unprecedented. And most of it is already here, or is rapidly emerging.

In the developed countries, the dominant factor in the next society will be something to which most people are only just beginning to pay attention: the rapid growth in the older population and the rapid shrinking of the younger generation. Politicians everywhere still promise to save the existing pensions system, but they—and their constituents—know perfectly well that in another 25 years people will have to keep working until their mid-70s, health permitting.

**Drucker** explained what has not yet sunk in is that a growing number of older people—say those over 50—will not keep on working as traditional full-time nine-to-five employees, but will participate in the labor force in many new and different ways: as temporaries, as part-timers, as consultants, on special assignments and so on. What used to be personnel and are now known as human resources departments still assume that those who work for an organization are full-time employees. Employment laws and regulations are based on the same assumption. Within 20 or 25 years, however, perhaps as many as half the people who work for an organization will not be employed by it, certainly not on a full-time basis. This will be especially true for older people. New ways of working with people at arm's length will increasingly become the central managerial issue of employing organizations, and not just of businesses.

The shrinking of the younger population will cause an even greater upheaval, if only because nothing like this has happened since the dying centuries of the Roman empire. In every single developed country, but also in China and Brazil, the birth rate is now well below the replacement rate of 2.2 live births per woman of reproductive age. Politically, this means that immigration will become an important—and highly divisive—issue in all rich countries. It will cut across all traditional political alignments.

Economically, the decline in the young population will change markets in fundamental ways. Growth in family formation has been the driving force of all domestic markets in the developed world, but the rate of family formation is certain to fall steadily unless bolstered by large-scale immigration of younger people. The homogeneous mass market that emerged in all rich countries after the Second World War has been youth-determined from the start. It will now become middle-age-determined, or perhaps more likely it will split into two: a middle-age-determined mass market and a much smaller youth-determined one. In addition, because the supply of young people will shrink, creating new employment patterns to attract and hold the growing number of older people (especially older educated people) will become increasingly important.

*Managing in the next society*, has main considerations that any manager should keep more attention to deal with in the next society; Knowledge, the new protectionism and the future of the corporation that Drucker pointed.

Knowledge will be its key resource, and knowledge workers will be the dominant group in its workforce. Its three main characteristics will be:

- Borderlessness, because knowledge travels even more effortlessly than money.
- Upward mobility, available to everyone through easily acquired formal education.
- The potential for failure as well as success. Anyone can acquire the “means of production”, i.e., the knowledge required for the job, but not everyone can win.

Together, those three characteristics will make the knowledge society a highly competitive one, for organizations and individuals alike. Information technology, although only one of many new features of the next society, is already having one hugely important effect: it is allowing knowledge to spread near-instantly, and making it accessible to everyone. Given the ease and speed at which information travels, every institution in the knowledge society—not only businesses, but also schools, universities, hospitals and increasingly government agencies too—has to be globally competitive, even though most organizations will continue to be local in their activities and in their markets. This is because the Internet will keep customers everywhere informed on what is available anywhere in the world, and at what price.

This new knowledge economy will rely heavily on knowledge workers. At present, this term is widely used to describe people with considerable theoretical knowledge and learning: doctors, lawyers, teachers, accountants, chemical engineers. However, the most striking growth will be in “knowledge technologists”: computer technicians, software designers, analysts in clinical labs, manufacturing technologists, paralegals. These people are as much manual workers as they are knowledge workers; in fact, they usually spend far more time working with their hands than with their brains.

However, their manual work is based on a substantial amount of theoretical knowledge, which can be acquired only through formal education, not through an apprenticeship. They are not, as a rule, much better paid than traditional skilled workers are, but they see themselves as “professionals”. Just as unskilled manual workers in manufacturing were the dominant social and political force in the 20th century, knowledge technologists are likely to become the dominant social—and perhaps political—force over the next decades.

Structurally the new protectionism in the next society is already diverging from the society almost all of us still live in. The 20th century saw the rapid decline of the sector that had dominated society for 10,000 years: agriculture. In volume terms, farm production now is at least four or five times what it was before the First World War. In 1913, farm products accounted for 70% of world trade, whereas now their share is at most 17%. In the early years of the 20th century, agriculture in most developed countries was the largest single contributor to GDP; now in rich countries its contribution has dwindled to the point of becoming marginal. And the farm population is down to a tiny proportion of the total.

Manufacturing has travelled a long way down the same road. Since the second world war, manufacturing output in the developed world has probably tripled in volume, but inflation-adjusted manufacturing prices have fallen steadily, whereas the cost of prime knowledge products—health care and education—has tripled, again adjusted for inflation. The relative purchasing power of manufactured goods against knowledge products is now only one-fifth or one-sixth of what it was 50 years ago. Manufacturing employment in America has fallen from 35% of the workforce in the 1950s to less than half that now, without causing much social disruption. But it may be too much to hope for an equally easy transition in countries such as Japan or Germany, where blue-collar manufacturing workers still make up 25-30% of the labor force.

The decline of farming as a producer of wealth and of livelihoods has allowed farm protectionism to spread to a degree that would have been unthinkable before the Second World War. In the same way, the decline of manufacturing will trigger an explosion of manufacturing protectionism—even as lip service continues to be paid to free trade. This protectionism may not necessarily take the form of traditional tariffs, but of subsidies, quotas and regulations of all kinds. Even more likely, regional blocks will emerge that trade freely internally but are highly protectionist externally. The European Union, NAFTA and Mercosur already point in that direction.

While the future for corporate Multinationals tend to be organized globally along product or service lines. But like the multinationals of 1913, they are held together and controlled by ownership. By contrast, the multinationals of 2025 are likely to be held together and controlled by strategy. There will still be ownership, of course. But alliances, joint ventures, minority stakes, know-how agreements and contracts will increasingly be the building blocks of a confederation. This kind of organization will need a new kind of top management.

In most countries, and even in a good many large and complex companies, top management is still seen as an extension of operating management. Tomorrow's top management, however, is likely to be a distinct and separate organ: it will stand for the company. One of the most important jobs ahead for the top management of the big company of tomorrow, and especially of the multinational, will be to balance the conflicting demands on business being made by the need for both short-term and long-term results, and by the corporation's various constituencies: customers, shareholders (especially institutional investors and pension funds), knowledge employees and communities. Against that background, this survey will seek to answer two questions: what can and should managements do now to be ready for the next society? Moreover, what other big changes may lie ahead of which we are yet unaware?

Although his book “Managing in the next society” was written during, different periods but all its chapters were written by September 2001 and it is not arranged in chronological order. For example, chapter (7) which titled as “Entrepreneurs and Innovation” was first published in 1996 while the last chapter (15) that titled “The next society” was published in 2001; in which he covers trends, emerging industries, management and sociological changes that can adversely affect or expand the bottom line for business. He also takes us back to past events that have shaped our current society, such as the industrial revolution and the evaluation of the businessperson from the gentleperson to the technologist.

*Part One, includes many chapters started as:*

*Beyond the Information Revolution ...*

What happened in the printing revolution; is the first of the technological revolutions that created the modern world. In the fifty years after 1455, when Gutenberg had perfected the printing press and movable type he had been working on for years, the printing revolution swept Europe and completely changed its economy and its psychology. Moreover, what we are living now is the same and it is a good evident that the revolution is in full swing.

*Then, the coming titles look like having an expanding journey of first one.*

*The Exploding World of the Internet...*  
*From Computer Literacy to Information Literacy....*  
*E-Commerce: The Central Challenge...*  
*The New Economy Isn't Here Yet...*  
*CEO in the New Millennium*

We all, including myself, greatly underrated the speed at which old businesses have been able to adapt to e-commerce and actually become leaders. The corporation as we know it, which is now 120 years old, is unlikely to survive the next twenty-five years. Legally and financially but not structurally and economically. In five years, we will deliver most of our executive management programs on-line. The Internet combines the advantage of both class and book. A change is something people do, and a fad is something people talk about it.

*Then, Part two, which includes:*

*Business opportunities Entrepreneurs and innovation --*  
*They're not employees, they're people --*  
*Financial services: innovate or die --*  
*Moving beyond capitalism? --*

*Part three includes:*

*Changing world economy --*  
*Global economy and the nation-state --*  
*It's the society, stupid --*  
*On civilizing the city --*

*And the last part includes:*

*The next society --*  
*The next society --*  
*New demographics --*  
*New workforce --*  
*Manufacturing paradox --*  
*Will the corporation survive? --*  
*Future of top management --*  
*Way ahead.*

Frankly speaking, this is my first book that I read by Peter Drucker and I regret not reading him earlier! This man thinks differently and offers tremendously enlightening perspective about the past, the present, and the future of business. He was 90 years old when he wrote this book and has been a notable intellectual figure for almost 70 yrs. His advice and outlook, therefore, is unique and invaluable because it is based on at least 70 years of top-notch analysis. It is also somewhat amusing when he reminisces about his old days (like the 1930s) when the widespread usage of the telephone in the office was considered a productivity breakthrough. I am now convinced that if any one really want to understand business, then, read Peter Drucker's works is a must!

**Peter Drucker** is the guru among the business thinkers for a reason.