



A. The Paradox : Divergence or Convergence? .....	5
1. Present confusion .....	5
2. Forces at work .....	7
3. Promising signs .....	9
B. A Bahá'í Perspective on this Paradox .....	13
C. Some Relevant Bahá'í Concepts .....	15
1. Macro-economic .....	15
2. Enterprise .....	16
3. Individual .....	17
D. A New Paradigm of Management .....	21
1. What is a paradigm? .....	21
2. New paradigm of management .....	24
3. Conclusion .....	28

## TOWARD A NEW PARADIGM OF MANAGEMENT

### A. THE PARADOX : DIVERGENCE OR CONVERGENCE ?

It has been said that the spirit of our age is fraught with paradox. On the one hand, business ethics seem to be eroding and the question is being asked, "Why be honest when honesty doesn't pay?" On the other hand, there are encouraging signs of a new sense of moral responsibility emerging. In which direction are we heading?

#### A - 1 DECLINE IN BUSINESS ETHICS

The profile of business leaders that emerges from the press, television and public opinion polls in Europe and in the United States is one of egotistical, greedy, power-hungry men with lavish standards of living and unreasonable compensation levels:

- 82% of Americans believe businessmen are predominantly motivated by greed. Harris poll
- "I think in our society we have sort of reduced ourselves to an equation where net worth equals self worth." Richard Darman

- Many CEO's are bureaucrats obsessed with exercise of power." Carl Icahn

This image is reinforced by daily headlines in the press about top executives that have been involved in some form of illegal behavior. Increasingly, corruption and conflicts of interest are being denounced by the public, exposed by the press, and prosecuted by the magistrates. A wave of high-level corruption investigations has rocked Europe's boardrooms and government offices. The jailing and indictment of many business leaders and politicians in Italy, Spain, France and Japan presage new standards of behavior as well as further indictments of white collar crimes throughout the world. In Germany, some estimates of the annual cost of corruption in government contracts run as high as fifty billion Deutsche Marks.

Other examples of unethical management practices abound:

- Discrimination in employment policies and practices.
- Business involvement in illegal financing of political parties.
- Manipulation of share prices, insider trading.

However, business leaders are not alone in this decline. There is also a clear erosion of ethics in other professions: accounting, advertising, law, consulting, medicine, and in government. According to Transparency International, a non-governmental organisation fighting corruption in international transactions, most major cases of bribery and corruption occur at the interface between government and business, not between businesses.

In addition to the decline in business ethics, two other potentially momentous trends preoccupy futurists, business leaders, and concerned citizens. The first of these trends is the increasing social injustice and gap between the rich and the poor, the north and the south. Capitalism as we know it cannot survive unless this explosive trend is reversed.

The second trend is the degradation of our environment and increasing concern about the sustainability of life on our planet. The quality of life of future generations has already been seriously compromised.

## TOWARD A NEW PARADIGM OF MANAGEMENT

### A - 2 FORCES AT WORK

While the lack of business ethics appears alarming, there are trends that are putting increasing pressure on business leaders to change these practices:

1. The globalisation of markets, finance, and consumer behavior.
2. The internationalization and increasing intensity of competition
3. A shift from an industrial economy to a knowledge and information - based economy. This has created new demands and priorities:
  - human capital is replacing financial capital as the most important strategic resource.

- work needs to be meaningful and fulfilling to attract, motivate and retain capable people.
- to capture peoples' hearts and secure their commitment, the purpose and vision of the enterprise must be derived from moral and spiritual principles and communicated widely.
- the best and brightest people gravitate to jobs that foster personal growth.

4. Quality, customer service, and innovation are becoming critical to success in competitive global markets.

According to the PIMS Group (Profit Impact of Market Strategy), "In the long run, the most important single factor affecting a business unit's performance is the quality of its products and services relative to those of competition. Quality drives market share". The return on sales and the return on investment for quality leaders are double the average returns.

"Total Quality Management" means doing things right, the first time, with minimum resources, with a high level of involvement of personnel, and with a high level of support of management. Achieving this involves enormous changes in management practices - changes most companies have been unable to make.

5. Value systems, life styles, and expectations are changing. For example, younger employees are increasingly seeking fulfillment in their jobs.

Bill O'Brien, president of Hanover Insurance Company, is quoted by Peter Senge in *The Fifth Discipline* as saying: "Our traditional organizations are designed to provide for the first three levels of Maslow's hierarchy of human needs: food, shelter, and belonging. Since these are now largely available to members of industrial society, our organisations do not provide sufficiently unique opportunities to command the loyalty and commitment of our people. The ferment in management will continue until organizations begin to address the higher order needs: self-respect and self-actualization."

6. The economic environment is increasingly unstable and turbulent. Futurologists seem to agree on one thing: that the environment in which businesses operate will be increasingly turbulent. To use Peter Veill's analogy, permanent white water will continue to characterize the markets in which we compete. Several recent studies indicate that, in unstable environments, value-driven and human resource oriented companies perform significantly better than companies that do not have these characteristics.

7. Rapid technological change is simultaneously alleviating many burdensome tasks, permitting greater customerisation of production, and contributing to chronic unemployment. Modern information technology makes it possible to decentralize decision making without losing control and to introduce more flexible and less hierarchical structures.

8. A demographic revolution is creating labor shortages of qualified people,

#### TOWARD A NEW PARADIGM OF MANAGEMENT

bringing to light the mismatch between our education systems and the needs of an information society. The OECD warns of a "demographic time bomb" and a "monumental mismatch" between jobs and workers able to do them. As a result, according to the recent World Leadership Survey conducted by the Harvard Business Review, education is considered by business leaders to be the most critical issue for the future of their organizations." Peter Veill, in

his recent book, *Learning as a Way of Being*, emphasizes that education and learning must change dramatically to meet the requirements for managing in "permanent white water."

9. The participation of employees in ownership and management is expanding. According to Joseph Blasi and Douglas Kruse in their book, *The New Owners*, employees now own more than \$150 billion worth of stock in US corporations, and control an average 12% of the 1,000 largest US companies. To a large extent this ownership is through pension and savings plans and trusts that hold stock for workers. The issues of employee representation on boards of directors, and the role of employees in corporate governance will be subjects of debate.

#### A - 3 PROMISING SIGNS

Management literature on excellence, quality, ethics, leadership, and more recently even spirituality in business is expanding, reflecting increasing top management interest in these areas. More importantly, there is growing recognition that higher and deeper values than money must be tapped to attract and motivate competent people.

Networks of business executives concerned about ethics, social responsibility, sustainability, and corruption are springing up like mushrooms both in Europe and in North America. Most of these networks have developed since the first edition of this monograph in 1991. The World Business Academy is a support network of nearly 500 business practitioners from around the world exploring fundamental paradigm shifts in business. Its members promote the concept

that business, as the most powerful institution on the planet, must assume some responsibility for the transformation of society and the shaping of the future of our planet. The European Business Ethics Network has grown to nearly 500 members and is closely linked with the European Business Ethics Institute. The World Business Council for Sustainable Development spoke out at the World Summit on Sustainable Development in Rio for the positive action and responsibility of large business in promoting sustainable development. Similarly, the Business Association for the World Social Summit (BUSCO) expressed the commitment of a number of business leaders to contribute to world social progress. The Caux Round Table of business leaders from Europe, Japan and the United States published its "Principles

for Business” emphasizing the importance of global corporate responsibility in reducing social and economic threats to world peace and stability. The Social Venture Network and the Social Venture Network Europe link social entrepreneurs and decision makers committed to the social responsibility of business, as does Business for Social Responsibility, a 1,200 member network of companies in the United States. The Berlin based Transparency International is leading a crusade to fight corruption in international business transactions. In Scandinavia, the Natural Step (Sweden) and the Common Cause (Denmark) are in the forefront of this paradigm shift.

This list would be incomplete without mentioning the European Baha’i Business Forum (EBBF), a network of several hundred business people familiar with the Baha’i social and ethical teachings and seeking to apply them to business and economic issues. The core values of EBBF include ethical business practices, the social responsibility of business, stewardship of the earth’s resources, partnership of women and men, the need for a new paradigm of work, and non-adversarial decision making based on consultation. Underlying these core values is the fundamental need to apply spiritual principles - or human values - to the solution of economic problems.

Another promising sign was the success of the World Business Forum at

#### TOWARD A NEW PARADIGM OF MANAGEMENT

Habitat II, The City Summit, in Istanbul in June 1996. More than 300 leaders of business, non-governmental organizations, non-profit associations and networks committed themselves to join in partnerships with national and local governments and United Nations agencies to improve the quality of life in cities throughout the world. This conference created considerable momentum which can be expected to foster closer collaboration among business, governments, NGO’s, United Nations agencies, and non-profit associations in combating social disintegration.

An increasing number of corporations are developing statements of mission, values and beliefs and codes of conduct. The process of developing and communicating these credos serves to mobilize management and employees together in the pursuit of a common purpose and a common vision that go well beyond profits, pay, and promotions. In France, these "projets d'entreprise" constitute an important area of intervention by consultants. When one analyzes a number of these statements, one finds them to be strikingly similar (see Exhibit 1). They reflect a balancing of top management's accountability to shareholders with a sense of responsibility to other stakeholders which include employees, customers, suppliers and business partners, the earth, and the communities in which they operate. This clearly represents a higher stage of ethical consciousness on the part of business.

Management practices are changing. Some executives and authors even

talk about a revolution and a transformation in management practices and not simply about changes. This is particularly so in sectors subject to fierce global

competition, rapid technological change and increased complexity. Much has been written about the delayering and decentralization of structures, about the increased use of interdisciplinary teams, and about self-managed work groups. In addition, we are beginning to see:

- more use of consultation in decision making to foster creativity and innovation and to facilitate the functioning of autonomous work

groups. The Chairman of L'Oréal, world leader in cosmetics and hair products, recently said that every strategic idea is submitted to contradiction because "c'est du choc des idées que naît la stratégie". ("It is from the confrontation of ideas that strategy is born.")

- greater empowerment of individuals as companies are moving decision-making authority and initiative to the people who are closest to the customer and the product.

- increasing investment in continuing education and the development of human resources and potential.

- greater employee participation in profits and ownership.

- more diversity in the workplace.

And there is increasing emphasis on "leadership" and somewhat less on "management". By "leadership" is meant mobilizing an organization and moving it to accomplish some defined purpose, whereas "management" can best be described as a series of processes (ex: planning, budgeting, organizing and controlling). Leadership increasingly involves filling such roles as servant, educator and facilitator. As Lao-Tse said, "Leadership is best when people say 'we did it ourselves.'"

## TOWARD A NEW PARADIGM OF MANAGEMENT

### B. A BAHÁ'Í PERSPECTIVE ON THIS PARADOX

It seems clear that there is a paradox. On the one hand, the decline in business ethics is only one facet of widespread social disintegration and of an erosion in the credibility of our traditional institutions such as government, religion, and even the family. On the other hand, there are promising signs that a new world order is emerging and that business leaders are destined to play a vital role in transforming society.

Shoghi Effendi, the great-grandson of Bahá'u'lláh, founder of the Bahá'í

Faith, in writing about universal fermentation, not only highlights and contrasts the two opposing trends toward integration and disintegration; he explains that the very forces of disintegration "tear down the antiquated

barriers . . . and accelerate the realization of humanity's distanced goal". Is this not a very positive answer to the paradox and to those who seem paralyzed by the disintegration of society? He goes on to say:

"As we view the world around us, we are compelled to observe the manifold evidences of that universal fermentation which, in every continent of the globe and in every department of human life, . . . is purging and reshaping humanity in anticipation

of the day when the wholeness of the human race will have been recognized and its unity established. A two-fold process, however, can be distinguished, each tending, in its own way and with an accelerated momentum, to bring to a climax the forces that are transforming the face of our planet. The first is essentially an integrating process, while the second is fundamentally disruptive. The former, as it steadily evolves, unfolds a system which may well serve as a pattern for that world polity towards which a strangely disordered world is continually advancing; while the latter, as its disintegrating influence deepens, tends to tear down, with increasing violence, the antiquated barriers that seek to block humanity's progress towards its destined goal.

A titanic, a spiritual struggle, unparalleled in its magnitude yet unspeakably glorious in its ultimate consequences, is being waged as a result of these opposing tendencies, in this age of transition through which mankind as a whole is passing."

## TOWARD A NEW PARADIGM OF MANAGEMENT

### C. SOME RELEVANT BAHÁ'Í CONCEPTS

Few prescriptions for managers are to be found in the Writings of the Bahá'í

Faith, yet these Writings are rich in underlying principles which bear directly on the major changes taking place in management. An excellent example of the relevance of Bahá'í concepts and principles is that brainstorming came directly from these teachings on consultation in decision making. Apparently, in the early 1950s several advertising executives from New York visited the Bahá'í House of Worship in Wilmette, Illinois and were told about the functioning of Bahá'í consultation. Upon their return to New York they put into practice these principles of consultation, detachment from one's own ideas, building on the ideas of others, and not criticizing others' comments. They called it "brainstorming".

### C - 1 MACROECONOMIC LEVEL

It is beyond the scope of this article to discuss the macroeconomic concepts and teachings in the Bahá'í Faith. These are developed very well in two publications, *Economics for a World Commonwealth* and *Faith & World Economy*. Among the macroeconomic principles are:

1. Spiritual principles should be applied to solving economic problems.
2. Material conditions are a reflection of spiritual conditions.
3. World government.
4. Universal auxiliary language and system of weights and measures.
5. International monetary system.
6. International control of the exploitation of major raw material resources.
7. Free trade
8. Interdependence of capital and labour.

## C - 2 THE CORPORATION

Similarly, there are certain principles that will influence management practices at the level of the corporation. These include:

1. The spiritual and the material must go hand in hand. In other words, both spirit and form are necessary; there is a dynamic coherence between the material and the spiritual aspects of life. An increasing number of corporations are recognizing this. In the words of Robert Haas, President of Levi Strauss, "A company's values - what it stands for, what its people believe in - are crucial to its competitive success. Indeed, values drive the business." And again, "Values provide a common language for aligning a company's leadership and its people." Dr. Dorothy Marcic, in her recent book, *Managing with the Wisdom of Love*, and in an article "The Spiritual Foundations of the New Management Paradigm", published by EBBF, emphasizes that spiritual principles such as justice, integrity, unity, respect, and service underlie the new management paradigm.

2. Consultation: Achieving excellence, gaining a competitive edge through quality, improving motivation through worker participation, accelerating new product introduction through multi-disciplinary task forces, increasing creativity and innovation - all of these changes so critical to success and

## TOWARD A NEW PARADIGM OF MANAGEMENT

even survival require more consultative and participative approaches to management.

3. Collaboration of management and labor - without which few companies will survive in the post-industrial market place.
4. Arbitration of disputes.
5. Profit sharing in recognition of the important stake employees have in the enterprise.
6. Equality of rights of men and women.

## C - 3 THE INDIVIDUAL

Shoghi Effendi wrote in a letter dated 26 December 1935, "By the statement 'the economic solution is Divine in nature' is meant that religion alone can, in

the last resort, bring in man's nature such a fundamental change as to enable him to adjust the economic relationships of society".

The Bahá'í principles concerning individual conduct in business emphasize the qualities of honesty, trust, integrity, rectitude of conduct, truthfulness and trustworthiness. Other concepts developed in the Bahá'í writings that serve as guidelines for individual behavior in today's business world include:

**Excellence:** long before the myriad of books on excellence were conceived, Bahá'ís were exhorted to strive for excellence both in their personal lives and their professional pursuits rather than remaining in a comfortable state of satisfaction with the status quo.

**Voluntary sharing:** considered to be "a greater thing than equalisation."  
"Man reacheth perfection through good deeds voluntarily performed."

**Wealth is spiritual, as well as material.** Material wealth is considered to be praiseworthy if it is acquired through an individual's own efforts and if it be shared or expended to improve the welfare of society as well as that of one's family.

**Moderation in all things.** In the words of Bahá'u'lláh, founder of the Bahá'í

Faith, "In all matters moderation is desirable. If a thing is carried to excess, it will prove a source of evil. Consider the civilization of the West, how it hath agitated and alarmed the peoples of the world."

**Work as service:** We all know the French musical refrain, "le travail, c'est la santé" (work brings health). Yet for many workers and managers as well, work and worship are considered two different "worlds" with two different sets of moral values. Bahá'u'lláh brings these two worlds together through the principle that work performed in the spirit of service is an act of worship.

**Positive reinforcement:** Positive reinforcement is replacing negative feedback. This practice derives directly from Bahá'í philosophy that we should look always at the qualities in others, not at their faults. By focusing on and encouraging the good qualities and strengths in others, we reinforce them. Bad qualities that are ignored tend to disappear through lack of reinforcement.

In addition, 'Abdu'l-Bahá, the son of Bahá'u'lláh, says: "In the Bahá'í Cause

arts, sciences, and all crafts are worship. The man who makes a piece of notepaper to the best of his ability, consciously concentrating all his forces on perfecting it, is giving praise to God. Briefly, all effort and exertion put forth by man from the fullness of his heart is worship if it is prompted by the highest motives and the will to do service to humanity. This is

worship: to serve mankind and to minister to the needs of the people.  
Service is prayer."

## TOWARD A NEW PARADIGM OF MANAGEMENT

So, we need to seek work in which we can find this motivation of service and the will to strive for excellence and distinction. But as managers we also need to organize the work of our colleagues in a manner that permits them to derive meaning and personal fulfillment from it. Willis Harman, in his excellent book *Creative Work*, says "meaningful work is not necessarily work that is exciting and challenging at every moment; it is enough that it be part of a larger endeavor which is infused with meaning. It is mainly that larger endeavor for our modern, mass-consumption society which is lacking." And this is the reason many chief executives are trying to define and communicate socially meaningful purposes for their enterprises as a vehicle for building greater loyalty and motivation at all levels.

Not only is work thus elevated to worship, but the Bahá'í writings make it clear that we must all work and have a profession. As Giuseppe Robiati said in his book already referred to, "Man is incomplete without work . . . Work should develop human potential, and use such technology as will promote individual growth, so that the new meaning of work, as an act of service and worship, may be understood". Bahá'u'lláh made this obligation to work very clear when he said, "Trees that yield no fruit have been and will ever be for the fire."

So, it is clear that work has significance over and above its utilitarian value, and contributes to the development of spiritual qualities if the spirit and our motivation are correct. As companies become more customer-driven, with quality and customer service given an overriding importance in the hierarchy of values, employees will be able to see their work as a service to mankind, that is to customers, both external and internal, on whose confidence their own employment depends.

## TOWARD A NEW PARADIGM OF MANAGEMENT

### D. TOWARD A NEW PARADIGM OF MANAGEMENT

#### D - 1 WHAT IS A PARADIGM?

The word paradigm comes from the Greek *paradeigma* (pattern). It is said to have been coined by Thomas Kuhn, the philosopher and science historian, who used it to refer to the dominant theoretical framework, or set of assumptions, that underlies any particular science. He defined paradigm as "a constellation of concepts, values, perceptions and practices shared by a community which forms a particular vision of reality that is the basis of the way a community organizes itself."

Webster defines paradigm as "A cluster of basic assumptions that form a

world view" and "a pattern, example, or model".

Marilyn Ferguson, in her book, *The Aquarian Conspiracy*, develops the concept further, referring to a paradigm as "A framework of thought ... a scheme for understanding and explaining certain aspects of reality." She goes on to talk about a paradigm shift as a distinctly new way of thinking about old problems, "new paradigm involves a principle that was present all along but unknown to us. It is a transformation of our consciousness."

New paradigms are nearly always received with coolness, even mockery and hostility. The classic example of a paradigm shift is the theory advanced by Nicolaus Copernicus in the sixteenth century that the Earth did not lie at the center of the universe. His mathematical calculations showed that if the sun lay at the center, many of the anomalous motions of the planets could be explained. This was of course heresy to the Church, and Copernicus did not publish his work until late in his life. Some of his supporters were punished by the Church, some even burnt at the stake. His own work, when it was eventually published, was placed on the papal index of forbidden books.

Eighty years later, Johannes Kepler came to the realization that the sun-centered system could explain the various planetary movements provided that the planets traveled in ellipses rather than circles. These two major shifts away from the idea of the Earth being at the center of the universe and from the idea of circular motion together gave birth to a new paradigm, a radically different world view and of our place in it.

Similar shifts in thought are now occurring in many areas of science and other intellectual domains. One hears more and more about a new paradigm in health: a holistic concept emphasizing the interdependence of the body, the mind, and the environment. In education, the shift is away from the notion that education involves only the acquisition of knowledge to the idea that the essence of education is learning how to learn and that it is a lifetime under-taking not limited to the young.

Looking at these and other paradigm shifts, changes seem to go through the following stages:

1. Anomalous findings that cannot be explained in terms of the currently accepted paradigm. Initially these anomalies may be rejected as spurious or fallacious, or the model may be "stretched" to incorporate them.

#### TOWARD A NEW PARADIGM OF MANAGEMENT

2. An increase in the number of such anomalies until they can no longer be so easily discounted or accommodated, and it is realized that the paradigm may be at fault.

3. The formulation of a new paradigm that explains the new findings.

4. A transition period in which the new paradigm is challenged by the establishment, sometimes leading to bitter opposition by those who are attached to the old paradigm.

5. Acceptance of the new paradigm as it explains further observations and predicts new findings.

One thing which is striking: when an idea or a new model has reached its time, it takes very little to trigger a paradigm shift. Witness the tremendous influence of Gandhi and his concept of passive resistance. Ervin Laszlo has referred to this phenomenon as the "butterfly engine" effect: when an idea is ripe, it is not necessary to have a large engine to drive it through; it takes something as small as a butterfly to make it catch on.

Václav Havel senses that mankind may well be in the midst of a paradigm shift when he writes:

“There are good reasons for suggesting that the modern age has ended. Many things indicate we are going through a transitional period, when it seems that something is on the way out and something else is painfully being born. It is as if something were crumbling, decaying and exhausting itself, while something else, still indistinct, were arising from the rubble.”

Also, Bahá'u'lláh, founder of the Bahá'í Faith, wrote: “The world's equilibrium hath been upset through the vibrating influence of this most great, this new World Order . . . the like of which mortal eyes have never witnessed.”

## D - 2 TOWARD A NEW PARADIGM OF MANAGEMENT

Some say that there is no such thing as a new paradigm of management to which all organisations must adhere. Each organisation, they say, and not without reason, has its own set of governing ideas, its own vision of the future, its own purpose or mission, and its own core values. Sometimes these are implicit, increasingly they are in writing. They are shaped by external forces such as culture, competition, and characteristics of the business, forces

which are common to other companies. But they are also shaped by internal forces such as the traditions, the culture, and the chief executive office.

Yet, the winds of change are blowing, new global patterns are emerging, and a new spiritual and social paradigm is taking shape which seems destined to bring about a new world civilisation. Within this context, it seems evident that a new paradigm of management must emerge, a paradigm shaped by the external forces at work to which individual organisations are reacting. Bahá'ís feel that this new paradigm must inevitably reflect the new spiritual values and teachings inspired by Bahá'u'lláh.

How can we best describe this new paradigm? Its overriding characteristic must be the balancing of material values so predominant today with spiritual values. To capture the hearts of those who determine the very survival of an enterprise, and to win the commitment and motivation of those concerned,

a more holistic vision of the purpose and the functioning of organizations is emerging.

On the one hand, this holistic vision broadens the purpose of the corporation beyond that of satisfying shareholders with dividends and capital gains to embrace a responsibility toward employees, customers, suppliers, the communities in which the enterprise works, and our planet, Earth. This is referred to as the "stakeholder concept", as contrasted to the "shareholder concept", and is reflected in many written statements of vision and mission.

## TOWARD A NEW PARADIGM OF MANAGEMENT

This holistic vision also broadens our definition of organisation.

Traditionally

"organisation" was equivalent to structure: hierarchy, chain of command, span of control, and was closely associated with strategy and systems (the hard values). Increasingly organisations are viewed as living organisms, and the "soft" dimensions such as people, shared values and management style are being given equal consideration. One way of visualizing this holistic concept of organization is the 7S concept developed over twenty years ago by McKinsey & Company.

The Seven S Framework

STRUCTURE  
SYSTEMS

STRATEGY

SKILLS  
SHARED  
STYLE  
VALUES  
STAFF

Strategy Plan or course of action leading to the allocation of a firm's scarce

resources, over time, to reach identified goals.

Structure Salient features of the organisation chart (i.e., functional, decentralized,

etc.) and how the separate entities of an organisation are tied together.

Systems Proceduralized reports and routinized processes (such as meeting formats), etc.

Staff "Demographics" description of important personnel categories within the firm (i.e., engineers, entrepreneurs, MBA's, etc.). "Staff" is not meant in

line-staff terms.

Style Characterization of how key managers behave in achieving the organisation's

goals; also the cultural style of the organisation.

Shared Values The significant meanings or guiding concepts that an organisation imbues in its members.

Skills Distinctive capabilities of key personnel and the firm as a whole.

This concept provides a framework for summarizing some of the shifts already underway in the models and practices of management in leading edge organisations.

## A COMPARISON OF TWO PARADIGMS OF MANAGEMENT

### OLD PARADIGM

### NEW PARADIGM

#### STRATEGY

Profit: the ultimate measure	Quality and customer service
Time-based competition	
Big is beautiful	Simplicity
Rational	Opportunistic, intuitive
Centralized	Decentralized
Short-term focus	Medium and longer term focus
National focus	Global focus

#### STRUCTURES

Hierarchical	Horizontal
Vertical	Networks
Pyramidal	Interdisciplinary teams
Autonomous work groups	
Communication through hierarchy	Open communications

## TOWARD A NEW PARADIGM OF MANAGEMENT

### SYSTEMS

Scientific management, "Taylorism"	Empowerment
	Job enrichment
Content: tools and techniques	Process of greater value
Information centralized	Information decentralized
"A day's pay for an honest day's work"	Profit sharing
	Employee ownership

### SHARED VALUES

Management	Leadership
Command and control	Value-driven, vision
Military model	Commitment model
Competition	Cooperation
Male domination	Feminine balance

### STAFF (PEOPLE)

People as a cost	People as assets
Continuing education and learning	
Task oriented	People oriented
Contract	Covenant

## STYLE (CULTURE)

Individual decision making	Consultation
Avoid or resolve tension	Contention management
Work and play are separate	Blurring of work and play
Work as a means self-realization	Work rewarding, source of

## D - 3 CONCLUSION

Turbulence and change have become a permanent part of the environment of most businesses. In many sectors of the economy, a serious threat to the very survival of many companies is forcing managers to make fundamental changes in their management practices, changes which we refer to as a paradigm shift. As we review some of the changes summarized above, several generalizations seem appropriate.

First, there is a shift in focus from “management” toward “leadership”. Well designed strategies, structures and systems, the classical pillars of management, no longer suffice in periods of rapid change and great complexity. Equally important are the formulation and communication of purpose, vision, and process, the key ingredients of leadership.

Second, an essential part of the paradigm shift discussed in this paper is the balancing of economic and material goals with spiritual and human values. Traditional measures of progress such as return on investment, earnings per share, and gross national product are at best incomplete. Increasingly, progress also refers to the development of human potential and skills and the participation of the company in the wider community.

Finally, given the decline in the credibility of other institutions in our society such as our churches, our governments, and even our families, business leaders are being called upon to a much greater degree to help solve the social problems, the environmental crises, and the injustices which endanger our global system. Growing numbers of corporations are in fact recognizing that they have a social responsibility as well as an economic mission.

## Exhibit 1

### COMMON CORPORATE VALUES

#### A Synthesis of Statements of Values of Ten Corporations

Shareholders: Profits and growth are essential  
Create value  
Provide reasonable returns

Employees: Central to the success of the company.  
Encourage, recognize, value and reward creativity  
and productivity  
Encourage expression of views and opinions

Equal opportunity for employment, development, and advancement

Respect dignity and recognize merit

Customers: Satisfaction of customers' needs is our primary mission

Provide superior quality and value in products and services.

Constantly listen to customers and be responsive to their needs.

Suppliers: Partners who share our high quality and service standards

Contribute significantly to our quality and value.

Communities: We strive to be good citizens, to contribute resources, time and talent to community improvement.

Preserve quality of the environment and natural resources

Statements Honesty and integrity (with employees, customers, on Manage- suppliers and shareholders)

ment style: Participative

Flexible, innovative, responsive, entrepreneurial organization

Quality and excellence

#### REFERENCE LIST

- Autry, James. *Love and Profit: The Art of Caring Leadership*. New York: William Morrow & Sons, 1991.
- Capra, Fritz. *The Turning Point*. London: Fontana Paperbacks, 1982.
- Capra, Fritz. *The Tao of Physics*. London: Fontana Paperbacks, 1984.
- Collins, James and Jerry Porras. *Built to Last : Successful Habits of Visionary Companies*. New York: HarperBusiness, 1994.
- Covey, Stephen R. *The 7 Habits of Highly Effective People*. New York: Simon & Schuster, 1989.
- Dahl, Arthur. *The Eco Principle : Ecology & Economics in Symbiosis*. Oxford: George Ronald and London: Zed Books Ltd, 1996.
- Dupree, Max. *Leadership is an Art*. New York: Doubleday, 1989.
- Ferguson, Marilyn. *The Aquarian Conspiracy*. London: Paladin Books, 1980.
- Fussler, Claude. *Driving Eco Innovation : A breakthrough discipline for innovation and sustainability*. London: Pitman Publishing, 1996.
- Harman, Willis and John Hormann. *Creative Work - The Constructive Role of Business in a Transforming Society*. Knowledge Systems, 1990.
- Mack, Manfred. *L'Imperatif Humain : Pratiques Managériales des Entreprises Avancées*. Paris: Masson, 1992.
- Makower, Joel. *Beyond the Bottom Line: Putting social responsibility to work for your business and the world*. New York: Simon & Schuster, 1994.
- Maynard, R.B. and S. Mehrrens. *The Fourth Wave*, Berrett-Koehler, 1993.
- Marcic, Dorothy. *Management With the Wisdom of Love: Uncovering Virtues in Organizations*. San Francisco: Jossey-Bass, 1997.
- Nesbitt, John and Patricia Aburdene. *Reinventing the Corporation*. New York: Warner Books, 1985.
- Ohmae, Kenichi. *The Borderless World*. New York: HarperBusiness, 1990.

- Peters, Tom and Robert Waterman, Jr. In Search of Excellence. New York: Harper and Row, 1982.
- Renesch, John and Bill DeFoore. The New Bottom Line : Bringing Heart & Soul to Business. San Francisco: Sterling & Stone, 1996.
- Robiati, Guiseppe. Faith and World Economy: A Joint Venture. Gruppo Editoriale Insieme, 1991.
- Russell, Peter. The Global Brain. J.P. Tarcher, Inc., 1983.
- Senge, Peter. The Fifth Discipline. Doubleday, 1990.

#### PUBLICATIONS OF THE EUROPEAN BAHÁ'Í BUSINESS FORUM

- Dahl, Gregory, William Hatcher, and John Huddleston. Economics for a World Commonwealth: Essays on Economic Theory from a Bahá'í Perspective.
- Emerging Values for a Global Economy - A Statement of EBBF, 1996.
- Marcic, Dorothy. Spirituality and the New Management Paradigm, 1997.
- Marcic, Dorothy and George Starcher. Ethics and Socialism - Now or Ever? 1995.
- Palazzi, Marcello and George Starcher. Corporate Social Responsibility and Business Success, 1997.
- Rodey, Barbara. The Spiritual Dimensions of Microfinance, 1996.
- Starcher, Diane. Women Entrepreneurs: Catalysts for Transformation, 1996.
- Starcher, George. Entrepreneurship, 1992.
- Starcher, George. Ethics and Entrepreneurship - An Oxymoron?, 1995.
- Zahrai, Ezzat. Group Decision Making and Bahá'í Consultation, 1991.
- Zahrai, Michel. Ethics and Third World Development: The Role of Multinational Corporations, 1993.

#### OTHER PUBLICATIONS

Badí'í, Hooshmand. The True Foundation of all Economics : A Compilation. Bahá'í International Community, Office of Public Information, The Prosperity of Humankind, New York: Bahá'í International Community, 1995.

Shams, Badi. A Bahá'í Perspective on Economics of the Future. New Delhi. Bahá'í Publishing Trust, 1989.

#### THE EUROPEAN BAHÁ'Í BUSINESS FORUM

The European Bahá'í Business Forum (EBBF) is an association of women and men involved in business and management who are exploring ways and means of applying Bahá'í ethical and social teachings to issues arising out of their business activities. It is registered in France as a not-for-profit association. There are nearly 250 members of EBBF from 46 countries, primarily from Europe.

The activities of EBBF include an annual conference, a newsletter, a directory of

members, and career counseling for student members. In addition, EBBF publishes selected articles and books written by its members on management. The external activities of EBBF are aimed at promoting the following core values and principles:

- Ethical business practices.
- The social responsibility of business.
- Stewardship of the earth's resources.
- Partnership of women and men in all fields of endeavour.
- The need for a new paradigm of work.
- Non-adversarial decision making based on consultation.
- Application of spiritual principles to economic problems.

EBBF collaborates in projects which contribute in meaningful ways to the social and economic development of selected countries in Eastern and Central Europe such as Poland, Bulgaria, Albania, Hungary, Romania, and Russia. These projects are organized in collaboration with other associations and non-governmental organizations in these countries.

Equally important, members of EBBF led a number of workshops at the non-governmental (NGO) forums in conjunction with United Nations conferences: the World Summit for Social Development in Copenhagen, the Fourth Conference on Women in Beijing, and Habitat II, the City Summit, in Istanbul. EBBF also participated actively in the World Business Forum in Istanbul.

For further information, contact the Secretariat:

c/o George Starcher, 35 Avenue Jean Jaurès, 73000 Chambéry, France

Fax: +33 479 96 35 70, Email: [ebbf@fr.inter.net](mailto:ebbf@fr.inter.net)

— Toward a New Paradigm of Management (Used by permission of the curator)