

# Drucker - new organizations

Business



The Coming of the Organization Review of the Article- The Coming of the Organization Peter E. Drucker is well known for his contributions on management practices and thought. In this article, he has discussed how large business organizations will get transformed in the coming 20 years (it is pertinent to note that this article was written in 1986). The excerpt of this article is being presented in the following paragraphs.

Drucker categorically mentions that the future organizations will be knowledge-based and will be spearheaded by specialists taking feedback from the customers, colleagues and from the top management. The information will be a chief guiding force for the functioning and growth of the organization and information built up does not mean that organization needs a large data-processing capability. The new ways of information system generated through the application of computers will reduce the man power requirement. The raw data available through various means will be used to generate the information but the process itself will require knowledge. Knowledge is always a specialized discipline and that is why organization will need more and more specialists to convert available information into knowledge. Thus, knowledge-based organizations will, overtime, replace all command-and-control kind of business establishments.

To convey his points about information based organization, Drucker has put forward the example of British Civil Administration, which was run in India during the period of eighteenth century through World War II without any need of middle management cadre. The whole of the India was governed by merely 1000 officers heading a district administration. It was totally a flat organization structure. The officer used to report directly to the provincial political secretary. Their being total nine provinces each political secretary

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had at least 100 administrative officers under him to manage the show. The officer used to send a detailed report to the secretary for all the assigned tasks, the achievements and discrepancies and the detailing about the opportunities and emerging threats in the ensuing period. Political secretary would also respond with full comments for necessary guidance. Peter points out about the effectiveness of such system as an organization.

What is noteworthy is that information based organizations look for simple and clear objectives. At times, there are a few common objectives for all that leads to actions and those objectives are carried out by specialists. Thus, information-based business is structured around goals and clearly defines expectations from each of the specialist member. The feedback system within the organization provides with every individual member to exercise self-control so as to achieve desired results.

Drucker explains through an example of hospital where everyone assumes information responsibility because they know that others are dependent upon them for the necessary information that is needed for the further action at their end. In a hospital setting, lab reports, x-ray departments, the internist, scanning department all provide information to the surgeons and physicians and based on these reports they carryout necessary treatment programs.

Drucker touches another important point that deals with the career growth of the specialists. Specialists should be provided with career opportunities, rewards, and recognition and there is a need of unified vision in an organization that is full of specialists. Professional specialists also look forward to the promotion in management positions and that is largely due to the compensation packages carved out in favor of the management staff. He <https://assignbuster.com/drucker-new-organizations/>

strongly recommends the drastic change in the compensation packages across organizations. There is a substance in Drucker's view point as this is necessary for the formation of a unified vision to achieve the organizational goal.

Thus, the article discusses the changes in the organizations from the command-and-control kind to the organization of departments and further to the organization of the knowledge specialists. He says it is a managerial challenge of the future to build the information-based organization. When viewed in the context of the current organization structures, systems and processes that are adopted and implemented now, it can be said that Peter Drucker's vision of information-based organization as mentioned in this article is now coming true to a large extent.

#### Reference

Drucker P. (1988), the Incoming of the New Organization, Harvard Business Review (January-February)