

MANAGEMENT STYLE DURING MARKET VOLATILITY AND ECONOMIC UNCERTAINTY

Abstract

Management process evolved through decades and centuries. It progressed from classical approach to neo-classical outlook to modern management thoughts and processes. There had been scientific view of analyzing and solving managerial issues and challenges since inception of management science. Management focus centered around resource utilization, factor productivity, operational efficiency, qualitative improvement and organizational growth. Economic thinker Adam Smith and Management stalwart Fredrick Taylor propounded about division of labour and specialization. Since inception of industrialization, mechanization of production and mass production received priority. Spread of globalization and interdependence among economies of the world in post-world war scenario stressed upon competitive advantage, market expansion, production efficiency and attainment of customer satisfaction. In 21st century, use of technology, accelerated innovation and speed of transaction became prime concern. Virtual world expanded immensely and creative spirit is deployed to offer customized service in the age of consumerism. Pandemic in 2020 necessitated social distancing and work from home appeared as a new normal. Digital platform got augmented and hybrid model of work gained momentum. Ukraine Russia war of 2022 caused severe economic strain and supplychain disruption. Production and distribution by business organizations faced new challenge in the phase of persistent inflation, economic sanction, geopolitical tension and deficit of trust factor. Flexibility in the business model, agility in the business operation, integration of new age technology, localization of sourcing, reinforcement of contingency measure became significant to

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remain resilient in the face of risk and uncertainty.

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I. INTRODUCTION

21st century is knowledge based and technology dependent. Knowledge economies remained progressive during information age. Organizations are busy in gaining competitive advantage offering value-oriented goods and services, creating benchmark with market presence, superlative offering and territorial expansion. Organizational growth is of paramount importance and so also business sustainability. Profit booking is a necessity for organization as it would ensure existence of the organization. Serving the interests of stakeholders had always been a tricky matter which would never diminish unless all human being becomes altruist in nature. Mitigation of conflict of interests among stakeholders is necessary for smooth functioning of business. In order to secure steady progress of business, innovativeness, personalization of products and services and value creation should be given due priority. In today's world, consumers are knowledgeable, tech-savvy and very particular about their demand and taste and preference. They crave about heartwarming experience during buying and product usage period. Surviving and thriving of organization depends on how customers are being approached, how their requirements are fulfilled and quality commitment is fulfilled. The organizations like Sony, Apple, Intel, Nestle, Amazon who tried to go beyond customer expectation, ended up with earning appreciations from customers and continued with bigger consumer base. Walking the extra mile and serving the last mile customer is always a prudent approach in competitive market scenario. Customers and consumers are still king and by no means their expectations could be let down. In the open liberal market where entrepreneurship and innovativeness are pervasive, there is no guarantee about prosperity of old established players. The instances of Kodak, Polaroid, Nokia, Blackberry, and Blockbuster bear the testimony of complacency and mistakes made in strategic action plan which led them to their downfall.

Since pandemic of 2020, digital space got expanded and brought plethora of opportunities for existing and new players in the market. Liberal democracies, capitalist economies and emerging markets are giving leverage to high-end telecommunication service, internet service, broadband connectivity and use of data service. Companies across geographies have started thinking about localization of outsourcing and diversification of sourcing destination. As the demand for wage rate became resounding with increase in inflation in post pandemic and war ridden time, businesses in western front have given thought of automation of production process through robotics, machine learning and artificial intelligence. Virtual market has proliferated to great extent and has been more powerful than physical market. Digitization is not a hype, its rather stepping stone for industrial advancement. Data driven approaches become inevitable to understand market dynamics, consumer preference, ongoing trend and future expectation. Data centric analysis and interpretations are helping to gain insight, resolve problems and make decisions. Organizations are showing hyper interest to digital medium for promotion and making people aware of new product or innovative offering through video streaming or digital advertisement. Social networking sites and social medium like Facebook, Twitter, Instagram, Pinterest, YouTube are new turf for reaching out consumers of all age and categories. App based approaches are convenient and people with digital devises are finding it easy to operate and get product-n-services customized for them. Ecommerce has boomed owing to its customer friendly features such as discount offer, delivery tracker, doorstep deliver, easy return policy and cash-on delivery facility. Customers started claiming door-step delivery and service as it is time saving, economic and relieve them from hassles of mundane activities.

Organizations are tapping onto this opportunity and offering food delivery, grocery items, medicines and assorted services such as house cleaning, painting, plumbing, carpentry, hair cutting, body spa and massaging at the residence of customers at an affordable price as per time convenience of buyer. Organizations are leaning heavily of spacious warehouse, logistic facility, distribution network and workmanship of employees. Gig economy is gaining momentum and gig workers are earning handsome remunerations without being tied down by corporate rule and organizational directives. Millennials and Gen Z are more concerned about flexibility of time schedule, autonomy in decision making, work-life balance and relaxed framework.

Environment is a big concern for most of the business firms. Environment got severely damaged due to apathy of human beings, cutting of forest, extracting of resources and burning of fossil fuel indiscriminately for over centuries. Since beginning of industrial revolution in 18th century, environment had been taken for granted for the progress of human civilization. In 21st century, environment is at tipping point and effect of global warming is felt everywhere. Society and industry can't turn a blind eye towards drastic changes of climatic condition and recurring damages caused by extreme weather condition. As organizations rely heavily on environment for resources, factor inputs, and regular functioning, it is necessary to reduce adverse environmental impact and negative externality. It should be prerogative of organizations across all size, market capital and market share to reduce carbon emission and achieve carbon neutrality. Time has arrived for organizations to switch gear towards non-conventional energy resources and make procurement, production, promotion, distribution and marketing emission free. It is necessity for organizations to adhere to directives set by pollution control boards of different cities and towns. Organizations should concentrate on making their products with environment-friendly organic materials and natural ingredients. This mechanism will enhance organizational image among consumers and other stakeholders, improve customer loyalty and ensure business sustainability. Organizations can earn brownie points from customers, creditors and stake holders for being environment activist, sponsoring green project, maintaining parks and green reserves. Corporate social benefit should not be a compulsion for growth-oriented businesses. It should reflect in philanthropic work for the poor in the form of giving-back-to-the-society and nurturing environmental resources for its own existence.

Corporate governance is another area which determines future prospect and guilt-free journey of a business. It calls for integrity, accountability, fairness and responsibility. It entails concern for social cause and environmental issues which influences business operation and relationship with stakeholders. Corporate social responsibility and corporate governance should not be for upper circle of executives to follow, they need to be perceived and practiced well by all employees and workers associated with the organization irrespective of hierarchy and designation. Unless an organization maintain honesty with its creditor, supplier, customer, it would not have prospect to take the business to next level. No matter how humble was business initiation, it should nurture growth ideology without compromising corporate governance. Moral values and ethical practices would give organization mileage in the long run. Growth of an organization can be organic or inorganic. Expansion of business can be done with astute business strategy, backward or forward integration, market expansion, and value centric product promotion and sticking to unbeatable service delivery mechanism. The closure of business organizations in past decades due to accounting fraud, mishandling of fund, financial irregularities, window dressing, tax evasion acted as a

deterrent for all enterprises to avoid slippery terrain fraught with disgrace, irrecoverable loss and termination of business.

II. OBJECTIVE OF THE LITERARY EXERCISE

The principal purposes of the research-based studies are as follows;

1. To explain about the need of new management style with change of paradigm in the market and business operation.
2. To narrate about progressive and futuristic aspects of agile and flexible management style.

III. RESEARCH METHODOLOGY

Exploratory descriptive method has been followed in the research method. It is qualitative in nature. Data and information have been collected from secondary sources. It had been epistemological exploration to decipher the extracted facts. Books and published articles in well-known journals were studied, analyzed and interpreted before presenting views and opinions. Evolution of managerial styles was tracked and explored to see the change in pattern over the period of time. Management is a dynamic concept so its subjective aspects were cultivated extensively. Decision making exercise under risk and uncertainty was studied to have comprehensive idea about managerial obligation in volatile circumstances. There had been in depth study of types of disruptive forces in an economy and their respective impacts on market sentiment, economic performance and business operation. There had been attempt to search correlation among various disruptive forces and their resultant factor in business environment. Turbulent time and economic instability of the past was checked to see the need of managerial competency to tide over the crisis. Content analysis and text mining was done to fathom conflicting angles of past literature. It is purely conceptual and there had been no attempt to embark on empirical journey. There had been confluence of psychology, economy and management mechanisms in construction of this research paper.

IV. LITERATURE REVIEW

Kuratko (2007) had mentioned about building up of entrepreneurial aptitude. Managers will always be on look out to devise and design new process, product, better packaging and impeccable delivery. In the liberal democracy and open market economy, opportunities will be abundant and competition will be fierce. All will try to lure customers with best quality products at reasonable price. It will take innovative spirit of entrepreneurs to come up with innovative product to sweep customers off their feet. As per Senyucel, Z(2009) managers should not be complacent about talent pool. Constant motivation to employees can help organization to withstand unprecedented shock and economic uncertainty. There is constant effort by new entrants, start-up organizations to fill up the gap in the market and offer solution centric products to cater to the need of modern fast paced life. Unless there is commitment and dedication from managerial end, market share will be difficult to maintain by established companies and existing players. Consumers are no longer completely loyal to old and established company. They are ready to try breathtaking experience and experiment with novel product and services. Brinckerhoff(2009) referred about mission-based management. Purpose and pragmatism in managerial style will earn workers' loyalty, internal

stakeholders sincerity and managerial credibility. Peter Drucker(2012) pointed out development of objective driven and growth oriented strategic action plan and creating readiness to face all eventualities. Hernández and Rodríguez(2018) mentioned about creation of creative ability and innovative spirit. Managers should encourage employees for creative practices, better utilization of resources and value centric approaches. Goodman(2018) highlighted the necessity of knowledge utilization and data analysis and interpretation to gain competitive edge. Dukach(2022) advised about strengthening core digital capabilities. Even in economic turmoil, digital competency will create possibility and pave the way for new opportunities. Michal Wade(2022) referred about being customer obsessed. Creation of solution centric, utility driven, value-based products and services will win trust, ensure bigger market share and higher consumer base.

V. BENEFIT OF AGILE BUSINESS AND FLEXIBLE MANAGEMENT STYLE

Business has the ‘going concern concept’ to fulfill which is deciphered in accounting study. Attainment of business sustainability is of supreme necessity in volatile world of 21st century. There is no certainty that old established organizations would have fat chance of survival. In the age of innovation and entrepreneurship start up organization with epoch-making idea can bring revolution and give aged organizations a run for their money. There are disruptions in various forms which could be technology driven, market maneuvered, environment centric, economy induced and also due to political upheaval and outbreak of large-scale health crisis. Sometimes data analysis or high-end statistical exercise fall insufficient to predict the future. There was no hint of devastating pandemic in year 2019 or people had less idea about what would unfold in 2022. But when pandemic occurred, majority of economies were in fire-fighting mode. Entire world was surprised by lockdown and social-distancing measure which was unprecedented for majority of masses in the world. The overwhelming health crisis due to spread of Covid 19 across the world caught economies off-guard and compelled to execute fiscal extravagance and monetary expansion. Governments of developed and developing nations boosted up healthcare budget and tried to provide safety net to less fortunate. Several central banks went into quantitative easing to enhance market liquidity and spruce up economic activities. In 21st century crisis can be of different forms or types. It can be due to outbreak of deadly virus, rise of militancy, external aggression leading to full blown war, trade embargo, geopolitical tension, economic indecision or social uprising. Before pandemic of 2020, trade war between economic superpowers, rise of nationalism, support for protectionism and isolationism caused severe uncertainty in business, trade and relationships in international affairs. The crisis such as natural disaster, economic recession, war, fatalities of public health cause adverse effect on business activity and trade practice. Although warning systems are sophisticated but getting timely alert is inadequate or missing. Damage control doesn’t work properly or takes great deal of time for revival which results in business loss and missing prospect in the market. Contingency measure is a necessity so also management of crisis or disaster. Preparedness for all uncertainties provides much needed resilience to organization. There is need for instilling urgency of recuperation in the mind of employees and workers to bounce back in post crisis scenario. Sense of belongingness, sense of urgency and coordinated effort of managers and workers alike to deal with difficult situation can help to tide over turbulent time. There is need to have a futuristic vision. The necessity to understand customer in deeper level, being in touch with them and aligning products as per their passion and area of interest will be definitely important than ever before. There should be attempt to offer immersive experience

and make the product as part of customer's daily struggle or journey in life and part of their existence will be a surefire formula for business longevity.

VI. ANALYTICAL VIEW OF MARKET DYNAMICS AND MANAGERIAL PRACTICES

In 21st century changes are rampant in business sphere, economic activity, industrial practices, human habits, consumer behavior, and work culture and in way of life. What had been relevant in 20th century with respect to use of appliance and machinery, majority got transformed, replaced or upgraded. So many old equipments like typewriter, reel camera, tape recorder, video cassette player, and pager had passed into obsolescence. The out datedness of machinery, practice, style and system is ubiquitous. Technology is the game changer. Management has the obligation to keep up with new-age technology. The new-age technologies such as artificial intelligence, robotics, 3D printing, internet of things(IoT), machine learning is labour replacing and production stimulating. In the labour deficit economy, organizations can indulge in application of new technologies as they would perform repetitive tasks flawlessly. In labour surplus economy, cost and benefit analysis is needed for installation of new technology or continuation with manpower driven productivity. In the time of pandemic driven disruptions, organizations suffer due to overdependence on China for sourcing of resources, intermediate and finished goods. New age technology has the power to make organization rely less on outsourcing and bringing faith back on in-house production. Optimum utilization of resources, prudent capital structuring and capital budgeting would never go out of style. Management should concentrate on where from fund is raised and how efficiently they are being deployed. In the world troubled by volatility, uncertainty, complexity and ambiguity, predictive analysis is necessary but blind faith on outcome may cost business heavily. World has witnessed rise of protectionism, trade war, pandemic, invasion of territory in recent time. There had been cyber-attack, missile testing and return of extremism in certain part of the world. It is difficult to ascertain what would unfold next. Organizations whether brick-n-mortar or modern tech driven or virtual one, keeping an eye on market movement, emerging trend, consumer preference, public reaction to new offerings, cultural dilutions is necessary. Economic status, cost of living and standard of living are indicators of where country is heading. Business gets chance of growth during expansion phase of business cycle but economic downturn, monetary tightening and fiscal discipline can shrink business progress substantially. In 2008, cost cutting became a buzz in the market as majority of the businesses followed belt-tightening to stay afloat. Similarly in 2020, business houses relied on retrenchment and fat-shedding as resource crunch, market uncertainty, consumer frugality, supply chain disruption hit the businesses badly. Government support in India and major developing nations tried to rescue small and medium enterprises from brink of collapse. Managers should try to view reality on the ground and realize subtle changes in world scenario, economic environment and market tendencies. Fine tuning of business model and refinement of course of action can keep businesses buoyant and forward moving.

VII. CONCLUSION

Management is backbone of business operation. It provides the necessary guidelines in business activities. In today's uncertain world, management needs to be flexible and adaptive to deal with economic uncertainty and market volatility. Management can be both proactive and reactive. Since it is difficult to predict market movement or economic

performance, management should not blindly rely old mechanism of data analysis, data extrapolation, trend analysis and other exercise of future prediction. Management should be more realistic and keep a tab on changes in real market scenario. There is need of transparent, accountable, and action driven management style. Ethical business practice would help to earn goodwill, increase loyalty factor among stakeholders and restrain from putting business in trouble. So many famous and prosperous organizations such as Enron, WorldCom, Lehman Brothers, Tyco International went bankrupt due to fraudulent activity or accounting fraud. During economic downturn, ethical practice or moral code of conduct would act as shield and provide the necessary protection from instability and unforeseen occurrences. Financial regularity, transparency towards creditors and investors and serving the interest of stakeholders play vital role for organizational sustainability. Management should focus on innovative practices, system upgradation, mechanization of process, integration of technology and serving customer in better way. New product development and product differentiation should be given due importance as it can work to allure new customer and motivate existing one. Upgrading products with superior feature can lengthen product life cycle, strengthen customer preference and make product basket more competitive. All these efforts would put revenue generation or top line growth on higher note. Management should be aware of new entrants into the market and what existing competitors are delivering. There should be endeavor to beat out opponents and stay ahead of the curve with offering of superior products and better service delivery mechanism. Business can't witness growth with wishful thinking, it remains stable and on growth path with concerted, coordinated effort by managers and workers who shoulder key responsibilities and put best foot forward to keep business up and running. Existing businesses can opt for new business model which give more leverage to technical application and promotion of business in digital medium. Business can give due weight age to artificial intelligence, internet of thing, machine learning, robotics to enhance efficiency and productivity. Change management will be compulsory and to overcome resistance from employees training and hand-on experience should be given due priority. Management should be concerned about resource procurement, supply chain management, utilization of logistic facility and timely delivery of goods and services. In war ridden and pandemic troubled world, supply shock happened on regular basis. Achievement of resilience appeared as critical factor. Inflationary trend kept the input cost high and put strain on cost of production. Localization of sourcing appeared as a viable option for businesses during crisis inflicted time. Although total quality management became tried and tested approach but its significance had not diluted yet. As consumers crave about impressive experience during buying and service acceptance time, organizations must try to render quality service so that consumers feel pampered and refer about the same in social media and networking site. Recommendation and promotion by happy and satisfied customers in social media would give organization saving of financial resources. As proper marketing of product and service is key to business survival and prosperity, all marketing channels should be analyzed and judiciously used to reach out all possible end users. Last but not the least, along with superior product and service, communication to customers and prospective buyers are of great importance. The use of social media influencers, bloggers, and public relationship tools may work well and generate awareness in the market about offerings of organization. Organization must keep trying to expand its horizon, explore new territories and offer specialized- customized products and services to stay ahead in the league. This procedure would gather steam with growth mindset of managers, vigil attention towards market opportunity, adoption of innovative approach to streamline operation and delivery of exquisite service on consistent basis.

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