

## Chapter 3

# From Management 1.0 to Management 3.0 and Beyond

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### ABSTRACT

*Traditional management models reveal issues with the introduction of unnecessary hierarchies, slow decision making, among other obstacles, which left a large number of workers out of the process of seeking efficiency and growth. In this sense, the third generation of management models focused on agility and collaboration emerged. Instead of focusing on hierarchies and functions, there is a priority on the way people behave and relate. In this sense, this study aims to analyze this phenomenon and to understand the various dimensions of Management 3.0. Furthermore, it intends to explore and understand the practices and challenges that are posed in its business implementation, focusing on the role of people and information and communication technologies.*

### INTRODUCTION

There are different ways to manage the processes of an organization. These different approaches are perceived as organizational management models and explain how managers lead their teams and get results. One of the key factors in business success is people management. This component is essential for the company to achieve its global and specific objectives, regardless of its area of expertise or organizational structure (Griffin et al., 2016; O'Malley & Baker, 2019). The way people behave, work in teams, and interact with clients differs from multiple perspectives. This variability, according to Leroy et al. (2018), depends largely on the policies and guidelines of organizations on how to deal with people in their activities.

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### ***From Management 1.0 to Management 3.0 and Beyond***

Organizational management models have evolved. At the beginning of the 20th century, at a time when there was a focus on efficiency and when companies were under pressure to have high levels of productivity, workers were guided to perform repetitive tasks and evaluated solely by their productivity. Tasks were well delimited, and workers were confined to a simple routine of activities. According to Hlupic (2014), there was a clear separation between the leadership and the workers. The workers followed only the guidance obtained by the decision-makers that decided what to do and how to do it. Consequently, no space was given to the creativity and autonomy of decisions by workers. The concept of Management 1.0 is associated with this model.

This management model has become obsolete essentially due to the rapid evolution of society and to the growth of the multiplicity of fields of industrial evolution. The previous model focused essentially on the industrial sector proved to be gradually inefficient in activities outside this scope (Hougaard, 2018). As a result, new organizational forms of work have emerged that also look at work processes and also enable managers to increase efficiency. The focus became the optimization of processes and the quality of the goods produced gained relevance. Salah et al. (2009) report that new and more effective management methodologies like Total Quality Management (TQM) or Six Sigma emerged during this period. In parallel, this management model proposes decentralization and sharing of ideas among the hierarchy edges. However, the decision structure was still based on a vertical and not very flexible organizational structure. According to Van Gaans (2018), decisions were still slow in decision-making and left operational workers out of the process of seeking efficiency and growth. This model was coupled with the concept of Management 2.0.

In the early 2000s, a new model called Management 3.0 emerged. This model is based on the basic principles of complexity and people management. Management 3.0 considers the concept that people management is a complex adaptive system where iterations enable improvement and continuous learning. According to Appelo (2011), self-organized teams should emerge naturally through their evolution and not be created or directed by the manager. The role of the manager is thus altered. The manager is now responsible for providing an ideal environment and conditions for the workers so that they can feel happy at work and, consequently, become more productive. Therefore, the manager should focus on finding ways to encourage the team to work autonomously, respecting some restrictions, to achieve an established result. Management 3.0 encourages companies to rethink their own structure and turns processes more productive. This concept brings more humanized management to organizations, where people should be the most important asset of the companies (Van Roosmalen, 2017).

Initially, Management 3.0 was widely used in the IT industry, and subsequently attracted interest from other business areas. Based on agile management models, it is possible to accelerate and improve the product development process (Stare, 2013). According to Pollack (2017), this paradigm also leads to changes in the way teams organize themselves and perform their tasks. Management 3.0 also offers a diverse set of techniques in team empowerment, competence development, employee energization, and other important missions for a manager. However, the consequences of the Management 3.0 paradigm are not limited to the context of organizations and teams, but also support the development of other paradigms of professional skills development. The Management 3.0 paradigm also makes important contributions to the model proposed by Appleby & Pilkington (2014), which highlights the importance of learning in business contexts that are developed and learned through reflective practice. This learning process does not come out of anywhere and needs time and support as it is also advocated in the Management 3.0 skills development model. Management 3.0 emerges as a valuable tool for companies

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