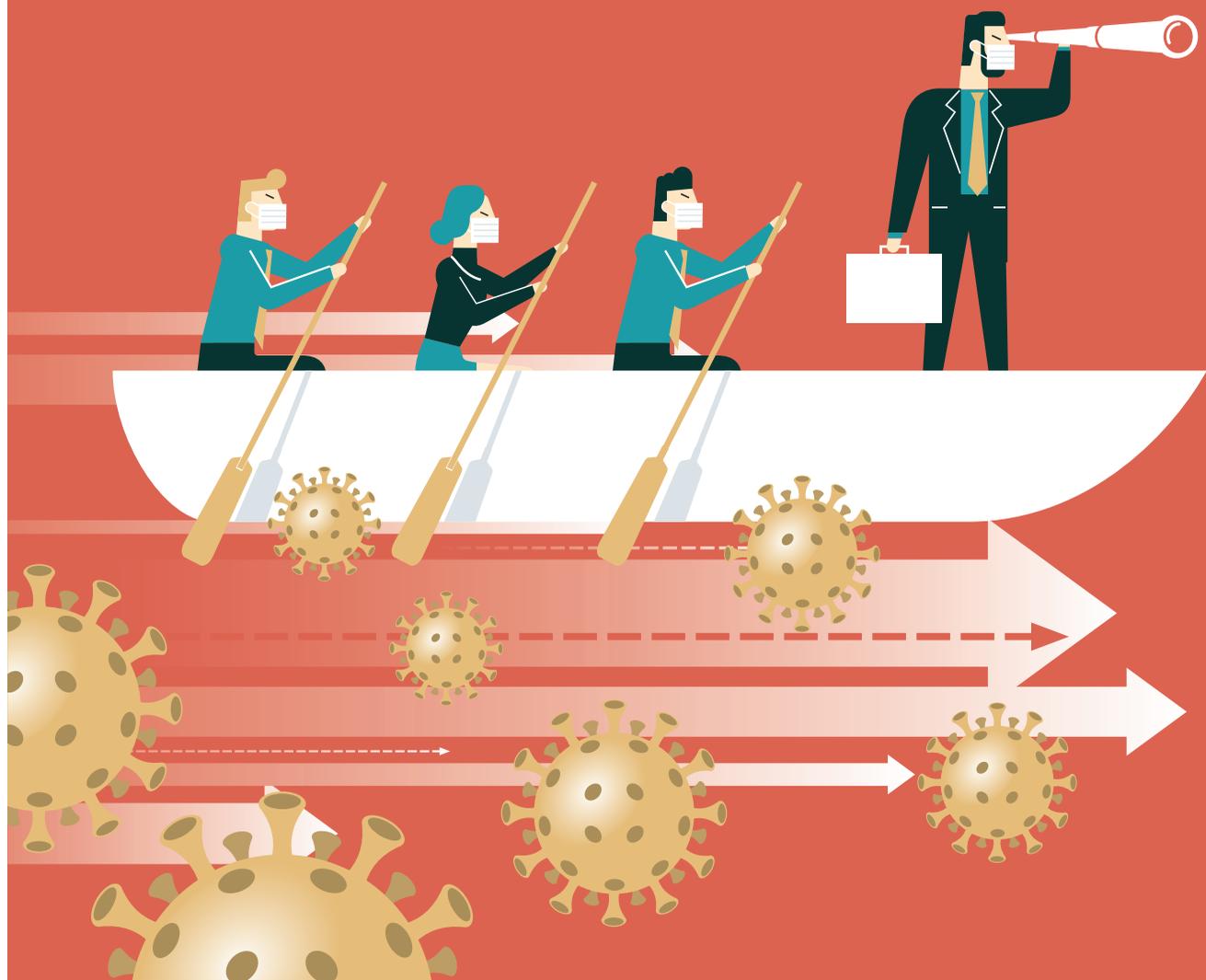


# Humanistic Management for an Entrepreneurial Society

What might Peter Drucker, the management great, have made of our reactions to the COVID-19 crisis? By **Richard Straub**



**P**eter Drucker always insisted that a precondition of a free and functioning society was a set of performing organisations and institutions capable of effectively fulfilling their missions. The alternative was chaos and revolution that would inexorably lead to tyranny. This was why he singled out management as so important for society, not just for business.

COVID-19 continues to stress-test management to its limits. But some conclusions are already clear. One welcome surprise is the resilience of business. The remarkable thing overall is not that some companies have perished in sectors such as hospitality and travel that have effectively been cancelled. As the economic statistics demonstrate, what is remarkable is that so many are still alive and kicking – a testament to entrepreneurial optimism, managerial adaptability and the will to survive.

Leadership quality has amplified success and failure alike. On the negative side it has become clear that most governments could not live up to the challenge of crisis-management – being caught in botched, vacillating or panicky decision-making and flawed execution. The media played their part in spreading the negatives only as opposed to communicating balanced information. For the public sector it became apparent how things become worse as you move up the hierarchy – from the municipal, to ministerial level and to the political sphere with the ultimate failures at the European Union level where the bureaucratic mindset and a lack of managerial competencies caused significant harm to European citizens.

Conversely, we should take positive lessons from public-private partnerships such as the development of a vaccine, crowned by a once-in-a-century success story that underlined the power of cooperation to leverage existing strengths. Equally mass vaccination programs attest to the wisdom of drafting in expert implementation and logistics experience to complement health sector competence. No country has got it all right, however. There is much still to learn, particularly in global cooperation to vaccinate the populations of poorer countries.

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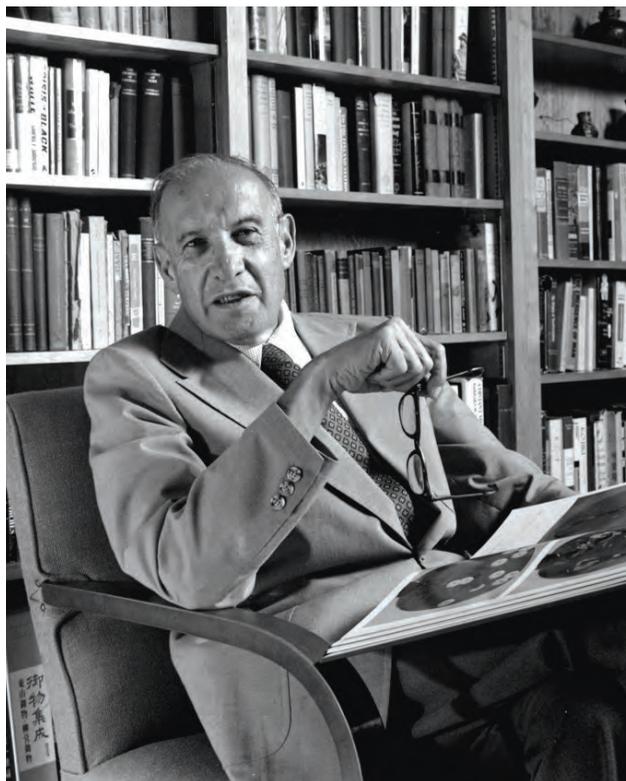
## COVID-19

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So what has gone wrong? In two words, governance and decision-making. Governance is about having the people at the table who are best placed to help make balanced decisions – including important stakeholders and those with experience of making rapid decisions with incomplete information, whatever their background. Covid has clearly exposed the limits of top-down, centralised and bureaucratic management in dealing with complex, multi-faceted issues of organisations and society. Likewise doctrinaire orthodoxies that surfaced strongly in the medical field tried to thwart new ideas and approaches to management based on observation, experimentation, and continuous learning. AI and algorithmic decision-making are of less help here than people capable of critical thinking and able to integrate diverging points of view. As we tried to show in an earlier HBR article, different types of problem require different modes of thinking – a scientific approach cannot address complex social issues, for example. If political leaders understood this they would have refrained from hollow-sounding calls to “follow the science” in situations where science can only be part of the answer and where the ability to synthesise across domains is their key



responsibility. Likewise, risk and uncertainty are an inherent part of modern life and cannot be managed by mere obedience to inflexible dogmas such as the precautionary principle. “What works” in practice should be the mantra, even if it doesn’t in theory – a principle that is sometimes hard to accept for those brought up in a strict Cartesian spirit.

Faced with these circumstances, Drucker would surely have judged that the best monument to Covid would be to seize the opportunity now offered to tackle deep-seated fundamental problems. The goal would not be a revolutionary “reset” based on a vision of some ideal digital future, but rather a programme of accelerated evolution to create an institutional framework capable of satisfying twenty-first century human and societal needs – starting with those of a young generation that has been deeply disadvantaged by the crisis and is badly in need of a vision and a purpose for a future that currently seems to offer them only shrunken life chances. The starting point





might be Charles Handy's ringing call at the 2018 Drucker Forum for a renewal of management in the spirit of the Lutheran reformation. That chimes perfectly with Drucker's concept of management as a "liberal art" in which the art was to use judgement and insight to be alert to emerging reality and ask the right questions; and then to bring to bear all the necessary tools, including technology, to make appropriate human decisions on the way forward. In that way, he believed in the vision of an "entrepreneurial society" in which the capacity to self-renew was widely shared by individuals, institutions and society, and innovation and entrepreneurship had become part of the social and economic DNA. It would be based on, and devoted to, the liberation of what Drucker considered the most important natural resource on the planet: human potential. Never has that vision seemed more urgent – and as attainable – as it does today.



**About the Author**

*Richard Straub is founder and president of the Global Peter Drucker Forum, which this year takes place on 17-19 November 2021.*