

## MINTZBERG, MANAGEMENT, AND PRAGUE

---

**Brunet-Thornton, R., Machek, O.**

---

On November 10, 2016, Professor Henry Mintzberg OC OQ FRSC was awarded the degree of Doctor Honoris Oeconomiae. Bestowed by the Rector of the University of Economics, Prague, Madame Professor Ing. Hana Machková, CSc., for his extraordinary contribution to management science. Professor Mintzberg was called upon to deliver an address to the various dignitaries and guests assembled for this auspicious event. The following represents a transcribed version albeit verbatim of Professor Mintzberg's remarks. Throughout his stay in the Czech capital, Mintzberg contributed to a Workshop and Conference sponsored by the University and based his commentaries and presentations on his recently published and widely acclaimed book, **Rebalancing Society**. For brevity and clarity, the editor has included only the most poignant passages of the discourse.

### **Mintzberg: Convocation Remarks**

There is something going on in the world. What it is, is evident, why it is, is not so evident. Many countries that were becoming democratic one or two decades ago now cease to be democratic. Democratically elected heads of state, Israel, Russia, Turkey, or many countries, are democratically elected, yet not protective in terms of democracy. And we have to ask ourselves whether people in a democracy have the right to elect people who undermine their democracy. Of course, who am I or anyone else to say who has the right to elect whom? But we have to look what is going on in the world and ask ourselves why these things are happening.

What exactly is going on in the world? My short answer to it is imbalance. A lack of balance. And my long answer which became a book last year called *Rebalancing Society: Radical Renewal beyond Left, Right and Centre* began in this city 25 years ago, when I visited and spoke at a conference called "East meets West" just after the Velvet Revolution, just after the fall of communist states all over Eastern Europe. I listened to colleagues at that conference, particularly the communists, talking about how Czechoslovakia could speed up, hurry up and embrace free enterprise. In the air in those days, particularly in the Western democracies that were successful, was the conclusion that the fall of communism in Eastern Europe was the triumph of capitalism. And when I came here even at that point, I said this doesn't seem right to me. This wasn't the triumph of capitalism at all, this was a triumph of balance.

The Eastern European countries with the slight exception of Yugoslavia were out of balance on the side of their public sectors. There were three sectors in the society, not two; it was the public and private sector, and the plural sector: not-for-profit, NGO. The

plural sector was extremely weak in Eastern Europe. Chinese government, as well as the Russian government, do what they can to suppress the forces of the plural sector as challenges to their power.

The Eastern European countries were out of balance on the side of their public sectors and the successful countries of the West balanced their power across the public, private, and plural sectors. Our governments were much stronger than today with respect of what they were able to do.

For example, people don't remember that Lyndon Johnson developed all kinds of welfare programs for poor Americans which would be impossible today. Tax rates in the United States and other countries were extremely high on wealthy people and corporate tax rates were much higher. So, capitalism didn't triumph at all. Balance triumphed. We had capitalism, and we had strong capitalism; but we also had strong governments and strong plural sectors. But the belief that capitalism had triumphed has thrown the world out of balance ever since on the side of capitalism and on the side of private sector forces.

Today, capitalism has triumphed. Globalization has always been viewed, basically from the inception of that word, as by definition good and positive, and certainly nobody would argue about the positives of free trade, and so forth.

But what we have today, and I think for a good reason, is a challenging globalization, specifically because of the effect it is having not only on certain poor people and certain countries. Let me present some statistics about the US today. Obesity is the second highest in the world after Mexico. Income disparities are huge and continue to get worse. When I grew up, America was the place that was so far ahead on the number of graduates per capita. Today, the US ranks about the fifteenth in university graduates per capita. Drug use is high. Voter turnout has been very low and much lower than in most developed countries. But the most shocking thing of all is that social mobility in the US ranks quite low. The other day, people immigrated to the US so that their children have this mobility. Nowadays, a child born to poor parents in Canada has a much greater chance of succeeding than in the US. This is not to say that the US is alone; it is to say that the US is leading on tendencies that are happening all over the world. The Czech Republic and Canada are doing well. The pressures in Canada to conform to that imbalance are extremely strong. Recently, the small part of Belgium called Wallonia blocked the trade pact between the EU and Canada, for fear of what it would do to the farmers in that region and trade pacts that were negotiated behind closed doors suddenly opened their doors to the people of Wallonia so they could negotiate the special deal for themselves. Which is no way to make worldwide public policy, but that's the way it is.

So, the world is going, in my opinion, steadily off the balance in a very dangerous way, and now, we face a great danger which is the president elected in the United States who nobody knows. This is the problem, nobody knows what he will do.

Let me describe the political spectrum this way. For two centuries, politics was viewed as a straight line between left and right, which I call linear politics. The right is good because the left is bad, and the left is good because the right is bad, and some countries like France swing like a pendulum between the two. Other countries, like Obama's America, are paralyzed in the centre. Obama wanted to do things, the Congress blocked most of these things, and so the US experienced a paralyzed politics, and France and most other countries experience pendulum politics. Germany, I think, is an exception in sustaining a coalition of centres, left and right interests.

Masaryk's Czechoslovakia, it seems to me, was an example of balance and became one of the richest countries in Europe, even in the world in the thirties. And then came the –isms. First, fascism from the Nazi government in Germany, then communism, and now there is a kind of neoliberalism.

When I came in 1991 and looked around at what was going on, I remember reading something from Mr. Klaus, your colleague and former president, who wrote about the third way. He said that there is no third way. The third way is the second way. There is only free enterprise or socialism, and the third way is socialism. I am not a believer in the third way, I am the believer in the third leg of the social stool – meaning something you sit on. A stool that sits on one leg is obviously unbalanced. And that was communism in Czechoslovakia before 1989 and that is capitalism in the US right now. It is trying to stand on one leg. Pendulum politics, as in France, tries to stand on two legs, is no more stable than one leg. A stable, healthy society stands on three legs. It's not a question of a third way, it's a question of the third leg.

The first leg is the public sector. No decent society can stand without strong government. One of the weaknesses of the US is the depreciation of government. A famous judge of the American Supreme Court said that I buy democracy with my taxes. No society today can stand without a strong private sector, whether it is officially capitalistic or anything else. Business is essential for any government, any state today. And so is the plural sector, no healthy society can stand without a strong plural sector. What do I mean by plural sector? A simple definition is any institution that is neither owned by the government nor owned by private investors. There are many institutions that fit this definition: Greenpeace, Harvard University, the most famous hospitals in the US, cooperatives. They are none-owned institutions: nobody owns them. The plural sector is not in the middle of left and right, it is just something else. We have social initiatives of people that engage in all activities that improve the world. We have social movements that we saw in Tahrir square in Egypt where people were trying to change their government. All of that is plural sector activity. My argument is that a healthy society balances on those three legs.

It is widely believed now that something has changed. There are many people who believe that if business becomes socially responsible, then the problems will be solved. They believe in a win-win scenario which means that business starts to produce the things we need for problems like global warming, for example, manufacturing windmills, and electric cars, and so the problems will be solved. I believe in corporate social responsibility, I believe in companies that engage in win-win activities.

However, I read in New York Times every day, at home, in print, and there are more and more stories about corporate malfeasance that is absolutely shocking. It is not the business is bad at all, but too many businesses are taking advantage of weak governments and more and more so in the global arena. A Canadian, John Kenneth Galbraith, a famous economist, wrote a book about countervailing powers. He said that when one power raises, another power raises to confront it. When large corporations arose, large unions arose. We don't have countervailing power at the global level. We have international agencies – almost all the powerful ones are economic – World Trade Organization, International Monetary Fund, World Bank, OECD, and so on and so forth. Most of them are spending more time being cheerleaders for globalization than acting as the necessary constrainters of globalization to introduce proper constraints.

For a balance, we need three legs, not two. Business won't do it and governments won't do it because they are too co-opted by businesses. Partly because corporations can play governments against each other, for example for tax breaks, so they can move wherever the taxes are best rather than something more balanced.

Imagine a city, say Prague, with weak government and no police force at all. You don't have to imagine because there are cities in the world where this is in fact happening. What you get are gangs that seize a part of the city and divide it or battle each other while killing people all over the city. That is what we have in the global arena right now. We have weak government – the United Nations is a weak government – and organizations like the WTO may rule out the trade problems but they but they are hardly governments or constraints. And basically, there are three countries that are much too powerful – China, Russia, and the United States. Most people in the world including me didn't get the vote in the American elections. However, what America does, could have an enormous impact on other countries. We will never get to vote for the American president, but we will have to find other ways to constrain Russia, China, and America, in particular, if we are to have the world that is worth living in for our children.

The plural sector is huge. You may work in the private sector, you may vote in the public sector, but you live in the plural sector. If you have a literature club, if you are a professor, we are all surrounded by the plural sector forces; we are the plural sector. Government is not going to solve these problems, business is not going to solve these problems, the plural sector will not solve them alone; but the plural sector is required to take the initiative to stimulate government and business to do more.

## **Mintzberg and Management**

In an article entitled, **Mintzberg on Management**, written for Forbes (2011) on-line, Steve Denning cites the following quotation. "There are two people, and only two," writes Professor Karl Moore professor at the Desautels Faculty, McGill University in Montreal in Forbes, "whose ideas must be taught to every MBA in the world: Michael Porter and Henry Mintzberg... You can contrast their two views as Porter's taking a more deliberate strategy approach while Mintzberg's emphasize emergent strategy... Porter's ideas are still relevant... But they are getting a bit long in the tooth for today's different world. Henry's emergent strategy ideas simply seem to be more relevant to the world we live in today."

Considered a freethinker and outspoken by many, Henry Mintzberg continues to test our traditional notions of management. Unlike others, Mintzberg does not assault his opponents but rather meticulously demonstrates the errors of their ways. Throughout his career, he has taken the lead to comprehend how individuals manage in the over 170 manuscripts and numerous books on a variety of topics associated with organisational theory, business strategy, and management education. As a prolific writer, he continues to contribute his views on a wide range of topics both on-line and in print. No doubt the most characteristic dimension of Mintzberg's research (1994) on business strategy, is that "they have often emphasised the importance of emergent strategy, which arises informally at any level in an organisation, as an alternative or a complement to deliberate strategy, which is determined consciously either by top management or with the acquiescence of top management".



Henry Mintzberg remains one of the most productive contributors in the field of management of our time and promotes the belief that within the field of education this area requires reform. He was instrumental in the establishment of an International Masters in Practising Management in 1996, that pursued change in the process managers are educated.

His appeal is universal. For some individuals, he is an expert on time management, and has contributed practical advice on this topic; for others, he is the saviour of the over-worked manager surrounded by philosophers who dictate how their jobs should be undertaken; and yet for many, is the guru on strategic planning.

Mintzberg ventured to contest conventional management approaches. Through his scholarly presentation coupled with innovative thinking, modified our rational of the management scope. His influence is not founded on a few ingenious models restricted to a limited or insignificant management domain. The Mintzberg method is wide-ranging, and comprises all that the managers' job entails. The Mintzberg approach is centred on the essential credence that management applies human skills to systems, and not the application of systems to individuals

In recognition of his contribution to modern management, Professor Mintzberg has been awarded numerous awards by the Canadian Crown and is equally, a Fellow of the Royal Society of Canada. Professor Mintzberg is recognised as one of the World's Top 50 Business Thinkers. His work has made both academicians and practitioners re-evaluate their thinking.

Internationally acclaimed, he has received numerous awards and citations and currently holds the prestigious John Cleghorn Professor of Management Studies (Strategy and Organisation) Chair and is the Faculty Director (International Masters for Health Leadership), both at McGill University in Montréal. He is also director of the Centre for Strategic Studies in Organisation at McGill and has held several important positions in other management institutions, including that of visiting professor at INSEAD. He has been a consultant to many organisations throughout the world and from 1988 to 1991 he was President of the Strategic Management Society.

## **Mintzberg and Prague**

Professor Mintzberg is not a stranger to the University of Economics, the Czech capital, or the country at large. During his many extended residencies in Prague, although ample time was allocated to his upcoming works and those in progress, visits to other regions of the Czech Republic remained an integral part of his agenda. Professor Mintzberg often recalls his stay at the Hotel Zvíkov (Písen). The hotel in the early 1990s was owned by a co-operative and managed by an economist, a former professor of our university who had become disfavoured during the former regime. Mintzberg proposed that much of the early transition experienced after the Velvet Revolution had little to do with the western, of that day, attributes of democracy. Better summed in Mintzberg's words, "the story of Hotel Zvíkov is the story of something else: of nuanced shades of grey, of responding to the pressures of daily life, on the ground, of learning and of balance" (Mintzberg, 2002).

## References

- Denning, S. (2011). Mintzberg on Management. *Forbes* [online]. Retrieved December 13, 2016 from <http://www.forbes.com/sites/stevedenning/2011/04/08/mintzberg-on-management/#1d625b957b11>.
- Mintzberg, H. (2016). Convocation Address, 10 November 2016. University of Economics, Prague (transcript by Ondřej Machek).
- Mintzberg, H. (2002). The economist who never came back. *Scandinavian Journal of Management*, 18(4), 611-618.

## Suggested Reading – Selected Works

- 1973 The Nature of Managerial Work
- 1979 The Structuring of Organizations: A Synthesis of the Research
- 1983 Power in and Around Organizations
- 1983 Structure in fives: Designing Effective Organizations
- 1989 Mintzberg on Management: Inside Our Strange World of Organizations
- 1991 The Strategy Process: (with Joe Lampel, Sumantra Ghoshal and J.B. Quinn)
- 1994 The Rise and Fall of Strategic Planning: Reconceiving the Roles for Planning, Plans, Planners
- 1998 Strategy Safari (with Bruce Ahlstrand and Joseph Lampel)
- 2000 Managing Publicly (with Jacques Bourgault)
- 2000 Why I Hate Flying
- 2004 Managers not MBAs (Mintzberg 2004)
- 2005 Strategy Bites back
- 2007 Tracking Strategies: Towards a General Theory of Strategy Formation
- 2009 Managing
- 2009 Management? It's not What You Think! (with Bruce Ahlstrand and Joseph Lampel)
- 2012 Managing the Myths of Health Care
- 2014 Rebalancing Society

## Authors

### **Richard Brunet-Thornton, Doctor of Philosophy**

Faculty of Business Administration, University of Economics, Prague  
W. Churchill Sq. 4, 130 67 Prague 3, Czech Republic  
[richard.brunet-thornton@vse.cz](mailto:richard.brunet-thornton@vse.cz)

### **Ondřej Machek, Ph.D.**

Faculty of Business Administration, University of Economics, Prague  
W. Churchill Sq. 4, 130 67 Prague 3, Czech Republic  
[ondrej.machek@vse.cz](mailto:ondrej.machek@vse.cz)