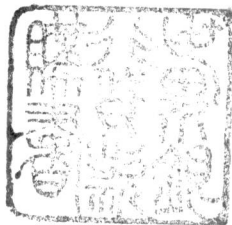


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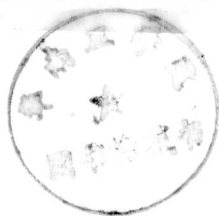
TRANSFORMATIONAL MANAGEMENT

Volume 3 of Series on
Econometrics and Management Sciences

GEORGE KOZMETSKY



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TRANSFORMATIONAL MANAGEMENT



SERIES ON ECONOMETRICS AND MANAGEMENT SCIENCES

This is one of a series of books on econometrics and the management sciences sponsored by the IC² Institute of the University of Texas at Austin, under the general editorship of W.W. Cooper and Henri Theil. In this series, econometrics and management sciences are to be interpreted broadly, providing an opportunity to introduce new topics that can influence future activities in these fields as well as allow for new contributions to established lines of research in both disciplines. The books will be priced to make them available to a wide and diverse audience.

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Volume 3: TRANSFORMATIONAL MANAGEMENT, by George Kozmetsky

To Greg and Cindy, Nadya and Mike, Aaron, Bethany,
Daniel, Jordan, Sarah, Taylor, and Caitlin

PREFACE



Today's environment for managing change is fundamentally different from even a decade ago in two key respects. First, the process of change itself has been dramatically accelerated. Science and technology are altering the very nature of American society. Second, a "new economy" is emerging as a result of intense global competition. The old economy emphasized cheap and abundant natural resources, borrowing over savings, growth over efficiency, and quantity over quality. The new economy is reversing these trends. International competition is taking the form of a worldwide scientific, technological, and economic race for preeminence.

Traditional management decisionmaking centered on efficiency and effectiveness. Transformational management must focus more directly on flexibility and adaptability to deal with change. Consequently, there is a pressing need to recognize and apply newer managerial styles, approaches, and methods.

America's business strength has always been its ability to be scientifically creative, technologically adept, entrepreneurially daring, and managerially innovative. To date, the scientific, economic, political, and cultural changes in the enterprise system have not been viewed holistically. Consequently, business managers have had a difficult time evaluating and assessing their impacts on American society. They have had a difficult time monitoring structural growth and functional improvements. They have had a difficult time bringing

together knowledge for risk-assessment, productivity, optimum industry structure, technological alternatives, and scientific and technological catch-up and leap-frog. Only by developing an integrative and cohesive framework is it possible to direct business organizations toward information requisitions, innovations, and decisionmaking in a dynamic environment.

Technology and ideology are societal drivers, catalysts that change the composition of society—including its institutions and mechanisms of allocation, choice, and transformation. They have dramatic impacts on the nation, individual states, local communities, and business firms. They affect the viability of our industries, the growth and survivability of our business enterprises, and the role, scope, and purpose of emerging private and public sector institutions.

Solutions to critical business issues and problems now demand an integrated, holistic, flexible management that blends technological, managerial, scientific, socioeconomic, cultural, and political considerations in an atmosphere of extreme time compression. This is the role of and scope for transformational management.

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