Peter Drucker’s Principles, Philosophies, and Practices

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Recommended Citation
Available at: http://dx.doi.org/10.22543/0733.142.1375
Available at: https://scholar.valpo.edu/jvbl/vol14/iss2/16

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Abstract

Purpose: The purpose of this research paper is to explore Peter Drucker’s principles, philosophies, and practices. Knowledge workers and thought leaders are explained and knowledge and wealth are differentiated. The paper advises how everyone can excel as a knowledge worker and implores the augmentation of a knowledge pipeline. It outlines competencies for 21st-century managers and offers a strategy in an unpredictable world. Despite rapid changes in technology, the impact of Drucker’s ideas is shown to endure as his ideas on humanity, technology and prosperity are still relevant today. This article outlines his leadership lessons and equips the reader with his fundamental management tools. Drucker’s resonance reveals that individuals are mortal and ideas are immortal. The discourse substantiates that Peter Drucker is more relevant today and his ideas and insights continue to inspire the world, calling upon management thinkers, scholars, and practitioners to keep his legacy alive and carry it forward to build a better world.

Research Limitations/Implications: The manuscript covers knowledge workers and management applying objectives from Peter Drucker’s perspective.

Introduction

I am an ardent follower of Peter Drucker and it is an honor to share his management ideas and insights. I have been sharing his wisdom with my students and audiences during my leadership development training programs regularly for many years, and most of my books contain excerpts of his knowledge and selected quotes.

I was first influenced by Peter Drucker when I attained an MBA degree in 1990 while serving in the Indian Air Force. I became more enthusiastic and curious whenever I read about him. I realized that I was being influenced and inspired by his management principles, philosophies, and practices. I read his books and several others offered by his contemporaries detailing his thought processes. It is a coincidence that some of my passions including writing, teaching, and consulting; and hobbies including swimming and mountain hiking have matched with his own, especially as he integrates in his work-life balance. I am also a family-oriented person in a similar vein. He was an avid user of library resources and I emulate his passion for knowledge acquisition. Becoming a management educator was my second career the way it became for him. He was passionate about his students the way I am passionate about my students and keep in contact with them.
telephonically. In this light, I strive to develop one million students as global leaders by 2030.

Peter Drucker was an imaginative thought leader who predicted the birth of the knowledge economy and knowledge workers long ago. He coined several concepts including “management by objectives” (MBO) and “knowledge workers.” He encouraged nonprofits to build better communities and societies. He remarked on nonprofits in his award-winning book, *Managing the Non-Profit Organization: Principles and Practices* as follows: “The ‘non-profit’ institution neither supplies goods or services, nor controls. Its ‘product’ is neither a pair of shoes nor an effective regulation. Its product is a changed human being. The non-profit institutions are human-change agents. Their ‘product’ is a cured patient, a child that learns, a young man or woman has grown into a self-respecting adult; a changed human life altogether.” He added immense value to the discipline of management and is known as the father of “modern management.” He authored 39 books including the award-winning *The Practice of Management, The Effective Executive, The Essential Drucker*, and *Management Challenges for the 21st Century*. He authored books in diversified genres including social, political, business, and management. He had the uncanny ability to interlink knowledge from different disciplines.

Drucker manifested a multifaceted personality and worked as an employee, educator, author, and advisor before becoming a management guru. He pioneered the concept of decentralization, privatization, and social institutions. He believed in the empowerment of employees and treated employees as valuable assets. He predicted the usage of computers and transition from manual workers to knowledge workers. He predicted the rise of Japan as an industrial power. Ford Motor Company successfully implemented his ideas after World War II. General Electric – under the leadership of Jack Welch – effectively applied his ideas.

Drucker could see what was opaque to others. He envisioned the future which no other management thinker could predict. He received several awards and honors globally for his contributions. *BusinessWeek* remarked, “What John Maynard Keynes is to economics or W. Edwards Deming to quality, Drucker is to management.” Warren⁰ said, “He had a way of saying things simply. Peter was far more than the founder of modern management, far more than a brilliant man, one of the greatest minds of the 20th century. He was a great soul. If I summed up Peter’s life in three words, it would be integrity, humility, and generosity... Peter was the only truly Renaissance man I’ve ever known. He had a way of looking at the world in a systems’ view that said it all matters.” After reading Drucker’s first major work, *The End of Economic Man* in 1939, Winston Churchill described Drucker as “one of those writers to whom almost anything can be forgiven because he not only has a mind of his own, but has the gift of starting other minds along a stimulating line of thought.”

**What is Thought Leadership?**

Thought leaders are experts with amazing ideas and insights into their industries and areas. They have a wealth of knowledge and experience. Those who possess, apply, and share it with others excel as thought leaders. Thought leaders are sources of intellectual capital who have risen from the position of knowledge workers. The top politicians and leaders approach thought leaders for intellectual inputs, ideas, and insights. For instance, Warren Bennis

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consulted American presidents as a thought leader. Thought leadership is defined as the process of engaging thought leaders to create knowledge, grow knowledge, and share knowledge with others for the benefit of society. The knowledge workers and thought leaders are predicted to dominant world governance in guiding the increasing shift from manufacturing sectors to services sectors.

Knowledge versus Wealth
There is often much debate on whether knowledge is superior to money. Knowledge is distributed whereas wealth gets accumulated. Knowledge has many friends while wealth has many foes. Knowledge grows when shared while money decreases when distributed. A person protects wealth while knowledge protects the person. Hence, it is arguable that knowledge is superior to wealth. Furthermore, knowledge is wealth and, in fact, more than wealth. Knowledge makes the world move. The world has so many innovations because of knowledge. It is always the knowledge that precedes money. One can acquire substantial wealth with the addition of more knowledge. Respect can be garnered externally by viewing material possessions upon first impression. However, it is the inner wealth of knowledge that ultimately generates more attention.

One can make money from one’s knowledge, not knowledge from money. To make money, the acquisition of knowledge is required; to retain that money, the application of knowledge is expected. Hence, knowledge is superior to wealth. Knowledge is intangible and invaluable while money is mostly tangible and valuable. Knowledge commands true respect while money commands artificial respect. Money produces temporary fame while knowledge establishes a legacy. Above all, money is transient while knowledge remains inculcated. Hence, knowledge is superior to money. For instance, when people who have knowledge encounter those with financial resources, their assets are often interchanged. But the people with knowledge retain their knowledge and gain monetary benefits, again indicating the superior importance of knowledge.

Some entrepreneurs lost their money but their knowledge brought them back on track and ensured their ultimate business success. For instance, renowned entrepreneurs including Richard Branson staged a smart comeback, even though his company sustained financial setbacks for some time. Colleagues would exit upon bankruptcy but these entrepreneurs learned lessons, and with their knowledge, they regained lost ground.

Who are Knowledge Workers?
Knowledge workers are extraordinary workers equipped with amazing ideas, insights, experiences, and judgments. They invent new products and services and can predict future technological usages and modes of knowledge acquisition. They are always ahead of the times and technologies. They are the pillars of organizations with the visionary mindset to take their organizations to great heights. Peter Drucker defines them as “high-level employees who apply theoretical and analytical knowledge, acquired through formal education, to develop new products or

“In the knowledge society, the most probable assumption and certainly the assumption on which all organizations have to conduct their affairs is that they need the knowledge worker far more than the knowledge worker needs them.”
— Peter F. Drucker
services.” He emphasized the importance of knowledge workers in mushrooming services sectors. He remarked, “It is the individual knowledge workers, who, in large measure, will determine what the organization of the future will look like and what kind of organization of the future will be successful.” Future organizations will be led by specialized knowledge workers, unlike the present knowledge workers. Hence, it is essential to transfer knowledge from experienced professionals to inexperienced individuals within the organization. Presently, knowledge is growing exponentially. There is more demand for specialized knowledge which is likely to change rapidly with advanced technology. Additionally, it has become a major challenge to predict the knowledge as it is a formidable challenge to anticipate where the exact technological means to be deployed. Hence, there is an urgent need to adopt new tools and techniques to ensure a seamless supply of knowledge in the knowledge pipeline in order to ensure organizational excellence and effectiveness. Future knowledge will be predicated on the volatility in the technology. It is essential to encourage continuous research to forecast future knowledge and technological trends. It is equally essential to encourage employees to learn, unlearn, and relearn quickly to keep pace with rapid global changes.

Knowledge workers are people with know-how in their various fields and selected occupations. They are different from manual workers. In 1959, Peter Drucker coined this concept in his book, *The Age of Discontinuity*, explaining that knowledge workers are the people who primarily work with information and make use of it in the workplace to achieve better performance and productivity. He further added, “The most important, and indeed the truly unique, contribution of management in the 20th Century was the fifty-fold increase in the productivity of the manual worker in manufacturing. The most important contribution management needs to make in the 21st century is similarly to increase the productivity of knowledge work and the knowledge worker.” He predicted that knowledge workers would play a crucial role in the rapid growth of the global economy.

Knowledge workers are the result of the mushrooming services sectors. They capture global attention currently and are the future leaders. They dominate the entire economy especially the services sectors. They are consultants and collaborators rather than contractors and competitors. They know where the sources of revenue originate and work on them passionately. They ascend the corporate ladder quickly and excel as leaders. They are wise workers who believe in delivering qualitative results and strive for excellence rather than perfection.

With the mushrooming services sectors, there is a need for more knowledge workers who are paid for applying their knowledge and thinking in new, innovative ways. For instance, engineers, scientists, accountants, researchers, educators, authors, consultants, and others emanating from such similar professions belong to the category of knowledge workers. Knowledge workers are typically paid more than others. It is the consultants rather than the contractors who will earn respect and money. They constantly upgrade and update their knowledge through continuous research. Upon consulting companies and gaining exposure to the ground realities, they then investigate the best way to resolve those challenges through their innovation. Hence, consultants are better placed than contractors because they constantly reinvent themselves with changing times and technologies.

The present world expects employees with a unique blend of mindset, toolset, and skillset to deliver goods and services effectively, and it is available only among the knowledge workers.
who are the leaders – the carriers of knowledge to the next generation. If one wants to grow professionally, to ensure expeditious career growth and access to opportunities, I would argue that one must become a knowledge worker.

The Role of Knowledge Workers
Peter Drucker advised, “Knowledge has to be improved, challenged and increased constantly, or it vanishes.” Hence, knowledge workers must not take their successes and positions for granted because what got them to the present status of knowledge workers may not help them reach the next higher level if they fail to reinvent themselves regularly. They must register where they stand in terms of talents, skills, knowledge, and capabilities at all times and document where they would like to be after two or three years. This reflection and planning provide clarity and helps achieve desired objectives. Knowledge workers must continuously document their experiences and accept feedback regularly.

The Role of Organizations
Peter Drucker said, “All organizations say routinely ‘People are our greatest asset.’ Yet few practices what they preach, let alone truly believe it.” Hence, companies must walk their talk by grooming knowledge workers and identify their expectations and aspirations. Knowledge workers basically look for the right professional ambiance and talented people to collaborate to create more knowledge. They emphasize quick career growth and prefer working in an organizational environment free from politics. Most people think that it is the money the knowledge workers crave, which is fallacious. In fact, authentic knowledge workers separate monetary compensation from access to professional challenges.

Knowledge workers are the backbone of a modern economy and every organization must realize this fact and treat them as assets rather than as costs. Companies must realize their needs from time to time and meet the same to ensure better performance and productivity. Above all, they must invest heavily to train and groom them as it is beneficial in the long run for both employers and employees.

Challenges for Coaches
Peter Drucker remarked, “Making knowledge workers productive requires changes in attitude, not only on the part of the individual knowledge worker but on the part of the whole organization.” Therefore, there is a formidable challenge lying ahead for current coaches to manage both the employees and employers to bring out the desired objectives. In addition, the present knowledge workers are typically superior to coaches in terms of knowledge. They are also well ahead of their time. Young knowledge workers (Gen Y) are much more advanced than their older counterparts (Baby Boomers) as they are more adapt to quick thinking and have had a greater exposure to technological advancements. They shift companies and acquire knowledge from multiple domains, synthesizing and creating additional knowledge in the process. Some of the young knowledge workers prefer becoming employers to employees. Hence, managing knowledge workers is a major challenge for them. However, passionate coaches enjoy coaching such knowledgeable coachees.
Can Everyone Excel as a Knowledge Worker?

Knowledge is not the privilege of a few people. Anybody can acquire knowledge to excel as a knowledge worker. Passion is essential to becoming a knowledge worker. An ability to learn and grow is essential to becoming a knowledge worker. The ability to reinvent with the changing times, predict future requirements, and groom oneself accordingly are essential to excel as a knowledge worker. As long as people have these traits and abilities, they can excel as knowledge workers and anticipate future advancement. Hence, acquiring specialized knowledge, believing in continuous learning, and doing extensive research form a knowledge worker and leader.

Building a “Knowledge Pipeline” to Create a Better World

A leadership pipeline is commonly understood as when leadership talent is constructed to be prepared for any kind of organizational eventuality. Additionally, with the retirement of baby boomers globally, there is an urgent requirement to train and groom fresh talent to the leadership pipeline well stocked and ready. Talent cannot be allowed to dissipate with knowledge, skills, and abilities; there should not be any vacuum in the skillset and toolset of employees within the organization. Currently, some companies follow the “buddy system” to transfer knowledge from experienced employees to inexperienced employees to keep the knowledge flowing seamlessly within the organization.

Load Knowledge Pipeline

The employees must have an open mind to acquire knowledge, disseminate knowledge, and share knowledge with others. They must appreciate the fact that what worked in the past and present will not necessarily work in the future. Hence, they must continuously learn and update themselves, and at the same time, share their knowledge with others. Knowledge and wealth should not be confined to one place. Knowledge must be shared and wealth must be distributed to provide meaning to life. If water is stagnant, it becomes foul. If knowledge remains tied to one person, it dies along with the individual and fails to benefit society. Water must continuously flow wherein the freshwater must replace the old water. Similarly, knowledge must be shared where old ideas are replaced by advanced ideas that are more relevant and appropriate to apply to build better organizations and societies.

Individuals are Mortal and Ideas are Immortal

Joseph L. Badaracco once remarked, “In today’s environment, hoarding knowledge ultimately erodes your power. If you know something very important, the way to get power is by actually sharing it.” Knowledge is not the property of any individual. It is the asset of the intellectuals who acquire it, and it is the magnanimity of intellectuals who share it with others. It is not important whether the intellectual is an Indian, American, Asian, African, European, or from any particular nationality. What is important is the greatness of the intellectuals who share their knowledge with others to build a better society and world.
Above all, ideas are more important than individuals because individuals are mortal while ideas are immortal. Hence, adding value in any manner and sharing it with others keeps ideas immortal, and to make the world a better place to live. Dalai Lama rightly remarked, “Share your knowledge. It’s a way to achieve immortality.”

**Competencies for 21st Century Managers**

There are tremendous changes and challenges made available by the Fourth Industrial Revolution. It is essential to revise competencies for 21st-century managers since they must manage VUCA (volatility, uncertainty, complexity, and ambiguity). As outlined in *21 Success Sutras for CEOs*, a manager must emphasize adaptability and flexibility to manage VUCA and be open to learn lessons promptly and make decisions quickly. It is important to note, however, the potential fallibility of decisions; they must constantly adjust to address rapidly changing times and technologies marked by automation and Artificial Intelligence (AI). An authentic manager often must make decisions with limited and imperfect information and should be willing to fail and learn lessons quickly in order to act promptly. S/he must avoid the trappings of complacency as well as information overload. Hence, the adoption and development of both hard and soft skills is imperative. This leader must learn when to advance and when to abandon a course of action. S/he must learn to encounter economic decline, practice continuous dissatisfaction, and invest in the future.

**Developing Strategy in an Unpredictable World**

Managers in the current environment work totally in a different environment which is predictable. However, the managers of tomorrow cannot predict the environment they will have to work in. However, it is expected that they will have to work in an unknown environment without certainty and with fluctuating information which is inadequate to make decisions. Hence, it is necessary to develop a strategy and revise it regularly by emphasizing organizational culture and keeping pace with technology. The manager must execute strategy effectively without expecting a positive outcome every time as no one can predict where and how technology will advance. Nothing can be taken for granted in an unpredictable world. What worked in the past may not work in the present and what works in the present may not work in the future. Hence, there must be a need for a fundamental reset in the wake of the Fourth Industrial Revolution.

**Peter Drucker—Technology, Humanity, and Prosperity**

“In the Drucker perspective ... quality of life, technological progress and world peace are all the products of good management ... at root, Drucker is a management Utopian, descended as much from Robert Owen as Max Weber.” — Rosabeth Moss Kanter
Peter Drucker emphasized humanity more than his books and theories. He remarked, “What are theories? Nothing. The only thing that matters is how you touch people. Have I given anyone insight? That’s what I want to have done. Insight lasts; theories don’t. And even insight decays into small details, which is how it should be. A few details that have meaning in one’s life are important.” He predicted the increased importance of automation and AI. Technology cannot replace humans as it always remains a servant to humans. Current apprehensions of AI replacing humans is next to impossible because AI cannot replace human imagination. Imagination is more important than intelligence and knowledge. Humans are gifted with the power of imagination and created automation for human progress and prosperity. However, technology can make a few jobs redundant that are repetitive in nature. In fact, technology will create more employment if used thoughtfully. It is a double-edged sword. Humans must use it for peace and prosperity. Albert Einstein once remarked, “Computers are incredibly fast, accurate and stupid; humans are incredibly slow, inaccurate and brilliant; together they are powerful beyond imagination.” Hence, society must harness technology to achieve productivity and prosperity.

Peter Drucker — An Intellectual Guide
Peter Drucker was against academic arrogance. He made his theories and concepts accessible to the layperson. He practiced the philosophy of “sharing is caring.” He was an intellectual guide whose influence spanned the globe. He emphasized that the important task for top management in the corporation of tomorrow must be to balance three dimensions — economic organization adopted by America, human organization practiced by Japan, and social organization followed by Germany.

Peter Drucker was in a league of his own. It is obvious from his 39 published books and award-winning articles that he will continue to inspire the discipline of management in the future. He was the rarest management thinker who added immense value to the discipline of management with his principles, philosophies, and practices. It is rightly remarked, “There isn’t any Nobel Prize for management thinking. But it’s just as well because it would have been won every year by the same man – Peter Drucker.”

Peter Drucker — Leadership Lessons
Peter Drucker influenced many thinkers including Marshall Goldsmith, Frances Hesselbein, and me. The most salient leadership lessons he taught were: managing time, focusing on core competencies; following other passions to lead a complete life; differentiating between persistence and futility; reinventing constantly; focusing more on achievement than making money; emphasizing volunteerism and working for nonprofit institutions to widen mental horizons; avoiding procrastination; emphasizing excellence; learning to live in an imperfect world and making it better; working from anywhere when knowledge is portable; abandoning old practices systematically; and leaving a legacy for tomorrow.

Is Peter Drucker Relevant in Today’s World?
“Management by objectives works if you first think through your objectives. Ninety percent of the time you haven’t.” —Peter F. Drucker

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3 [https://www.inc.com/magazine/19980301/887.html](https://www.inc.com/magazine/19980301/887.html)
The concept of “Management by Objectives” (MBO) is relevant as it helps set objectives to accomplish them. It saves time, money, energy, and organizational resources. Several global organizations benefitted from it. *The Economist* quoted, “MBO is one of the rational schools of management’s successful products.”

With the rapid growth in technology, the information is inundated. The people can leverage it to excel as knowledge leaders. Most of his ideas and insights are relevant even today because his research was based on future requirements in the discipline of management.

**Peter Drucker – Integrity, Humility, and Generosity**

Peter Drucker believed that management was an interdisciplinary subject, not confined to quantitative statistics in measuring profits as an outcome, but applicable to social missions and a catalyst for innovations to be delivered by people.

Peter Drucker offered tools and techniques to become one’s own successor as follows: diversify efforts and outputs; develop a powerful personal brand; maintain a global outlook and worldview; remain relevant; produce a consistently impressive body of work; and creative work that benefits others.

Drucker’s management ideas and insights are pearls. He was a visionary leader who was far ahead of his time. He emphasized the significance of soft skills long ago when only hard skills were highly respected. He preferred soft leadership to hard leadership. He valued time and emphasized human resources, work-life balance, customers, and nonprofits. He is more relevant today and his ideas and insights continue to inspire the world irrespective of the discipline. He was the rarest management thinker who added immense value to the discipline of management with his philosophy, principles, and practices. The management thinkers across the world, cutting across their national borders salute this management legend for his passion, vision, and contribution.

**Peter Drucker’s Legacy**

Peter Drucker has left his legacy because he diversified his efforts and outputs; developed a powerful personal brand; maintained a global outlook and worldview; remained relevant; produced a consistently impressive body of work and created work that benefitted others. The following are reasons that exemplified him from other management thinkers. First, he could predict the future based on the prevailing trends and technologies. He was gifted with the rare ability to offer simple solutions to complex ideas. Second, he underwent trials and tribulations in his early stage, compelling him to locate to London to work as a journalist and subsequently move to the United States as a correspondent for the *Financial Times* in 1937. Third, he had the innate
ability to adapt and embrace change. Fourth, he had the knack for synthesizing knowledge because of his diversified experiences and education. Fifth, he had connections globally. Sixth, timing mattered most for him. Above all, he had a universal network.

Keep Peter Drucker’s Legacy Alive!
Peter Drucker’s efforts and intellectual contributions enabled management to achieve sanctity as a discipline globally. No other management thinker has had such a pervasive impact with his ideals and ideas. This is a testimony about his legacy. His ideas and insights are immortal. He is more relevant today than ever before. Although the world has changed drastically due to the rapid growth in technology, his ideas on humanity, technology, and prosperity are still relevant. That is the legacy Peter Drucker has left for us! And the onus lies with us to keep his legacy alive and carry it forward to build a better world.

“The basic economic resource – the means of production – is no longer capital, nor natural resources, nor labour. It is and will be knowledge.” — Peter F. Drucker

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Professor M.S. Rao, Ph.D. is the Father of “Soft Leadership” and Founder of MSR Leadership Consultants, India. He is an International Leadership Guru with 38 years of experience and the author of over 45 books including the award-winning ‘21 Success Sutras for CEOs’ URL: http://www.com/21-Suc_ess-Sutras-Ceos-Rao/dp/162865290X. He is a C-Suite advisor and a sought-after keynote speaker globally. He brings a strategic eye and long-range vision given his multifaceted professional experience including military, teaching, training, research, consultancy, and philosophy. He is passionate about serving and making a difference in the lives of others. He trains a new generation of leaders through leadership education and publications. His vision is to build one million students as global leaders by 2030 URL: http://professormsraovision2030.blogspot.com/2014/12/professor-m-s-raos-vision-2030-one 31.html. He advocates gender equality globally (#HeForShe). He was honored as an upcoming International Leadership Guru by Global Gurus URL: https://globalgurus.org/ upcoming-leadership-gurus/. He coined an innovative teaching tool — Meka’s Method; leadership training tool — 11E Leadership Grid; and leadership learning tool — Soft Leadership Grid. He invests his time in authoring books and blogging on executive education, learning, and leadership. Most of his work is available free of charge on his four blogs including http://professorms_raovision2030.blogspot.com. He is a prolific author and a dynamic, energetic and inspirational leadership speaker.

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