Analysis of the Influence of Traditional Economic Management Thoughts on Contemporary Economic Management

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Abstract: In today's business environment, due to the complexity of organizational phenomena, the quick repair methods used in traditional economic management control will have adverse effects and more serious problems. The focus of this article is to integrate traditional economic management thoughts related to economic and social management to improve contemporary economic management, and to demonstrate the potential contribution of socio-economic management methods to guiding overall sustainable performance.
***Keywords*:** economic management, analysis, influence

1. Introduction

Contemporary economic management control begins with a diagnosis aimed at revealing hidden costs and performance. It passes interviews with actors of all categories in their observational obstacles, because the data on hidden costs cannot be captured at a distance, because most management controllers are used to conduct: a real interaction is required, including pure employees who have a non- Formal power creates hidden costs or hidden performance [1]. The overall performance shift is a key issue in the field of management control. Even half a century ago, management control was defined as the process by which managers ensure that resources are effectively acquired and used to achieve organizational goals [2]. The three levels of traditional traditional economic management thinking (strategic control, management control, and operational control) may also be considered as a method of overall performance, although most practical management control is short-sighted, focusing on financial indicators does not provide recommendations to improve performance [3]. Many authors have also criticized the lack of consistency between overall performance and actual control practices. The stakeholder approach assumes that overall sustainable performance needs to consider all internal and external stakeholders, but this is not the case, because most companies and organizations are embedded in an environment that focuses on short-term financial performance and are affected by normative isomorphism . In addition, the so-called objectivity of financial data is misleading, and underlying cultural patterns have shaped the way managers interpret their performance evaluations. In order to broaden the scope of management control to achieve sustainable performance and meet new business needs, several methods have been designed in the past few decades. This method is in line with the call for sustainable development, including the use of social and environmental Responsibility dashboard to supplement financial reports. One of the limitations is the juxtaposition of quantitative financial indicators with more qualitative reports, resulting in unbalanced reporting. In fact, it is necessary to better integrate financial indicators and non-financial indicators, rather than just juxtapose them.

2. Analysis of the status quo of contemporary economic management

Global Reporting Initiative (GRI) and ISO 26000: GRI contains a set of indicators and reports developed since 1997, and is related to the United Nations Global Compact initiative signed by a large number of multinational companies. It involves various fields, such as governance, ethics, indirect economic and social impact, decent work, occupational health, training and education, human rights, and product liability [4]. The GRI report helps to increase the sensitivity of many companies to overall performance; especially when introducing the fourth edition of the GRI 2013, which includes the Sustainability Reporting Guidelines. However, GRI reporting practices have been criticized for lack of effectiveness and completeness. A similar reporting initiative is the ISO 26000 reporting system, which also draws on the stakeholder approach and includes seven main headings: organizational governance, human rights, labor practices, environment, fair operation practices, consumer issues, community participation and development[5] . Both GRI and ISO 26000 have been criticized for being too inclined to social and environmental responsibilities and failing to integrate economic and financial responsibilities, just like the Four Positive Theory: the lack of integration of various performance measurement standards has led to abnormal prohibitions that are not conducive to overall performance. Balanced scoring helps guide overall performance, because this method assumes that financial indicators are not the only driving force for competitive advantage. Performance indicators that focus on customers, internal processes, learning, and growth are needed to supplement them. Performance drivers are also divided into lagging indicators that focus on long-term goals and leading indicators that focus on current and specific competitive advantages. The contribution of balanced scores to guide overall performance is to link business plans with performance indicators. In order to better integrate environmental risks and sustainable development. These examples can be considered as early signs of comprehensive performance management control. However, most of the existing methods are top-down, and the interactive system management method will require all participants to purchase. Effective management control means that indicators and action plans are determined through discussion and negotiation. Taking into account the informal power of all internal and external actors, current management control methods ignore hidden costs and performance, and tend to commoditize people instead of truly respecting them and negotiating. It is difficult for management control personnel to implement comprehensive performance management control, although they tend to catch the wave of sustainable development. The effectiveness and reliability of the overall performance report are what investors are eagerly looking forward to to enhance trust, but such a management control system is not enough to meet the standards, hindering the development of socially responsible funds.

3. The influence of traditional economic management thoughts on contemporary economic management

Contemporary economic management draws on the concept of conflict-cooperation used by sociologist and French economist F. Perroux [3]. It questions the implicit assumption of neoclassical theory that economic actors are obedient, and scientific observations prove this to be wrong. When actors are taking action, uncertainty is reduced due to the large number of variables that must be analyzed, and the preference to orient their choices according to personal goals and constraints. In the process of implementing social and economic management and control, 35% to 55% of the cost can be transformed into added value creation within one year. In fact, hidden costs come from insufficient negotiation with stakeholders in six areas in exchange for their value creation: working conditions, work organization, communication, coordination and cooperation, time management, comprehensive training, and strategy implementation. These areas can be analyzed at the company level, for example, poor working conditions may lead to high-cost personnel turnover. The hidden costs and performance of contemporary economic management can also be analyzed at the regional level. For example, poor communication between actors in the region may lead to loss of opportunity and loss of income. The six aspects of traditional economic management dysfunction are used as indicators of management quality, that is, the quality of improvement and innovation is guided through consultation with all actors. For example, we can observe that disruption affects time management, which in turn leads to productivity gaps, which are more harmful when they appear in top management. The financial components of the hidden costs of contemporary economic management can be divided into six categories: excess wages, excessive consumption, excess time, no production, no potential and risk. The first four components affect immediate results, while the last two components affect long-term performance. On the contrary, when wages, consumption, production and time are used to create potential, or prevent the occurrence of dysfunction, by guiding strategic projects and innovations that increase competitiveness, hidden performance will be observed.

3.1 The influence on the time management of contemporary economic management

Time Management: Instead of closely monitoring all employees and time keeping all tasks, contemporary economic management control entrusts employees and asks them to report a list of the time they spend every day, as well as a priority action plan for development tasks. This tool is different from the activity-based costing method. It can distinguish direct results, can calculate daily activities and creative potential through aggregation, and can calculate time dedicated to development behavior through addition. In addition, social economic negotiation time management control itself is a tool. When employees find that saving time every day and committing to management leads to enhanced behavioral time allocation for development, the fear of opposing resistance to change loses job security, and employees voluntarily increase productivity because orientation has long-term value Create jobs, strengthen job security and career prospects.

3.2 The influence on the capacity management of contemporary economic management

Capacity management: Sound management control usually includes indicators such as expertise, knowledge management, and social capital. In the context of socio-economic management control, an underlying assumption is that actors have an informal power, especially to impart knowledge, leave the company with their knowledge, and reject multiple skills and training. The result is to give managers more negotiating roles. They must work out all existing skills, including daily tasks and development actions, and negotiate with all employees twice a year to improve their skills. It gradually promotes the cultivation of multiple skills and prevents technical weaknesses, especially in terms of development actions. Integrated training should be noted that managers find that integrated training uses strong leadership and performance. When investing an hour to train employees, managers can delegate the equivalent of ten hours in the next few months. A large amount of time to develop a priority action plan for action. Their original idea was not to train subordinates due to the risk of losing power. Now they find that all employees benefit from the increased power, including themselves.

3.3 The influence on the negotiation management of contemporary economic management

Regularly negotiated activity contracts: Because all actors have formal and informal powers to achieve performance or destroy value. Negotiation is the key. When authoritarian management and classical management control dominate and hidden costs are ignored, value creation is bad and unsustainable. Socio-economic log, each manager is responsible for monitoring qualitative, quantitative and financial performance indicators, expanding the scope of traditional budgeting and cost accounting. The indicators include daily management and immediate results, including the calculation of hidden costs, and the socio-economic balance of all priority action plans and internal and external strategic planning, so as to be able to measure the creation of potential. Therefore, the aggregation of all socio-economic diaries enables the overall performance of a comprehensive approach, including analysis of balance or mix of short-term and long-term economic performance. These indicators provide a dashboard for senior management and governance institutions that consider all stakeholders who contribute to the company's sustainable performance.

4. Conclusion

Experimenting with innovative methods of comprehensive and sustainable performance management control is an urgent need in the field of contemporary economic management research. Contemporary economic management control requires management controllers to receive appropriate training in conducting semi-directional interviews, calculating hidden costs and performance, and running feedback meetings. In fact, most existing management control methods are based on a biased assumption that minimum negotiation is required. There is evidence that there are huge hidden costs due to improper negotiation practices, which shows that it is necessary to overhaul traditional management control methods.

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