**Theme:** 4.

**Reading:** Knowledge-Worker Productivity: The Biggest Challenge.

**Author:** P. Drucker.

**Introduction**

- 20th Century - A company’s most valuable asset was production equipment (capital).

- 21st Century - most valuable asset is knowledge workers and their productivity (talent).

- Has been steady advances in what we call ‘productivity’ as a result of new tools, methods, technology. These are advances in what economists call ‘capital’. From this point of view there were few advances in ‘labour’ (productivity).

- Today, an underdeveloped or emerging economy is one that hasn’t made the manual worker more productive yet.

**Principles of Manual-Work Productivity**

-Look at the task and analyse the motions that make it up

-Record each motion (the time and effort it takes)

-Unnecessary motions are eliminated

-Motions are put back together more efficiently

-Tools if used are redesigned

**Also Known As:** Scientific Management, Industrial Engineering, Rationalisation.

No skill involved in manual labour, just simple, repetitive motions made more productive by *knowledge*. Taylor pissed off the workers unions back then with this because they were all based on ‘skill’.

**Taylorism contributed to:**

Work enlargement, Work enrichment, Job Rotation, Henry Ford’s assembly line,

Continuous Improvement, Just-In-Time Delivery,

Total Quality Management - A task is analysed and organised and quality control is

added at each level of the job.

- Scientific Management swept through US during WW1 and Western Europe/Japan in the 1920s.

- WW2: Germany adopted it for training their armies.

US used it for industrial production when many men were away fighting giving the

workforce much more productivity. They outnumbered the Germans and the Japanese on

the battlefield AND out-produced them in industry.

- Since 1950: Economic development outside the Western World has been based on Scientific Management. In places like Japan and then Taiwan the workers were paid very low wages so the countries were able to produce as much as developed countries at a fraction of the cost.

**Future or Manual-Worker Productivity**

- Third-World Countries: used for manual manufacturing work for large, growing numbers of low-skill/educated young people.

- Developed Counties: now being applied to non-manufacturing i.e. services and knowledge workers as this makes up a lot of most developed Western economies.

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**Knowledge Worker Productivity**

-Ask ‘What’s the task?’

-Workers are autonomous.

-Continuous innovation, continuous learning and continuous teaching is an integral part

of work.

-Productivity is measured primarily in *quality* and not quantity.

-Worker must be an *asset* not a cost. They should *want* to work.

*The* ***opposite*** *of what’s needed for the* ***manual worker****.*

**What is the task?**

- It’s not obvious in knowledge work.

- In manual work you always know what the task is, just not always how to do it.

e.g. working on an assembly line.

- The knowledge workers have to ask themselves this question.

e.g. does the nurse spend time at a patient’s bed or spend time filling out papers?

Finding out the task lets you concentrate on it and then:

1.You’re responsible for your own contribution to the job.

2.Continuous A **innovation**, B **teaching** and C **learning** has to be built into your job.

3.The quality can only be realised after asking ‘what is the task?’

**Knowledge Workers as a Capital Asset**

-Economics shows us the difference between knowledge and manual workers.

-Manual ones are seen as a cost.

-Knowledge ones must be seen as a capital asset.

-Knowledge workers ‘own’ the means of production.

-Their knowledge is portable and highly valuable and so an enormous capital asset.

Company and Knowledge worker are only valuable together.

**Technologists**

- Are knowledge workers and manual workers.

- Also applies to people with subordinate jobs.

Advantages:

- Give developed country a competitive advantage.

- Cheap for a country to train a lot of high-knowledge people (India-Doctors).

- Training based on Scientific Management makes a country capable of **quickly** attaining the manual worker productivity of the most advanced country.

US: Community Colleges designed specifically to educate technologists with knowledge and manual skills.

Japan: Schools prepare people for one or the other.

Germany: Apprenticeship system favours manual skills.

*- Technologists have to be treated as knowledge workers.*

**Knowledge work as a system**

Productivity of the knowledge worker requires almost always that the work be

restructured and be made part of a system.

E.g. 25 surgeons have organised themselves as a system. They will:

-Produce highest quality work.

-Make best use of limited and expensive resources.

-Make best use of support knowledge (each other).

-Continuously learn and innovate.

-Minimize costs.

-Assess each other’s work (quality control).

The costs are minimised, the quality improved, etc.

**How to begin?**

- Requires a change in attitude of the worker AND the organisation.

- Find an area in the organisation with a group of **receptive and willing** knowledge workers.

- Work consistently and patiently over time and address problems as they arise.

- Bypassing the pilot stage will make the mistakes public and keep successes hidden.

- Knowledge worker productivity is a huge 21st Century management challenge.

- It’s a means of **survival** for developed countries.

**The Governance of the Corporation**

-The purpose of the employer will soon have to be redefined as to satisfy the legal owners AND the owners of the human capital that are responsible for producing the firm’s wealth - the knowledge workers.

-Attracting and holding the knowledge worker is fundamental to success.