

## Chapter 2

# Management 2.0: Managing Knowledge Workers in the 21st Century

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### ABSTRACT

*“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 work 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.”*

*Peter Drucker, 1999*

*The world has changed a great deal since modern management principles were established one hundred years ago, at the turn of the 20<sup>th</sup> century. This chapter suggests a new management framework for managing today’s knowledge workers. This framework is based on three perspectives: analyzing the manager’s tasks; observing the knowledge worker’s behaviors and expectations; and management recommendations via suggested underlying guiding principles. Together these construct a framework for the new era’s manager, defined here as the 2.0 manager.*

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## WHY IS A NEW MANAGEMENT FRAMEWORK REQUIRED?

### Background

While implementing new business models in organizations may always have seemed like a good idea, nowadays it is a must. What has changed? Why do we need new business models?

Modern management paths date back to the 18<sup>th</sup> century, when Adam Smith (1776) in *The Wealth of Nations* set out the first theory of management principles, dealing with labor specialization. Much later, at the turn of the 20<sup>th</sup> century, the world was fascinated by the new management and business ideas presented by Frederick Taylor (1911) in *The Principles of Scientific Management*. Both books, and many publications in between, focus on production organizations and posit efficiency of production work as the main goal of the manager in these organizations (Drucker, 1954).

### Era of Information and Knowledge

Where do we stand today? What makes the 21<sup>st</sup> century different from preceding decades? A simple tour in any organization, observing the overload of computer workstations, provides a glimpse of the new organization. We are now in an era of information and knowledge. Production work is no longer the primary job in many organizations; more and more organizations' work and wealth is based on knowledge workers.

### The Knowledge Worker

The term "knowledge worker" was first coined by Drucker already in 1957, as he identified the new developing worker in *The Landmarks of Tomorrow*. "A knowledge worker is no more a sub-ordinate, as managers and organization were used to handling them. A knowledge worker is nowadays an associate" (Drucker, 1999, p. 18),

"a person that thinks for a living" (Davenport, 2005, p. 10), a person whose knowledge is central to the job. A knowledge worker does not have to work solely with brainpower, but can also, like a surgeon or furnishing designer, perform manual work. What makes these people knowledge workers is both the portion and the importance of information, knowledge and thinking to their job.

If we examine the emergence of job definitions, we will probably find that most job definitions have changed over the past ten years. There are professions - like teaching - that were always knowledge, information and thinking oriented. Teaching involves knowing and thinking about how to best pass the knowledge on to the student. In many other jobs, however, computers and robots took over the manual production portions of the work. The new worker has to know how to operate these in different modes for different needs, how to understand why they do not work when they malfunction, and how to fill in the gaps with thinking that machines cannot do.

### Knowledge Workers' Characteristics

Volumes can be written about the knowledge worker (e.g. *Thinking for a Living* by Tom Davenport (2005)). Of all the attributes describing the knowledge worker, the following were chosen, emphasizing the need for a new management paradigm:

The knowledge worker chooses where to work and when to leave one place of work in order to start somewhere else. The manager is no more the "big boss" who will have the last word no matter what he/she says and does. He/she has to be aware that people will not stay regardless of the conditions. Alternatives exist, and it is normal to see people moving from job to job and even changing careers. Drucker (1999) claims that these employees, the new knowledge workers, have to be managed as if they were volunteers (pp. 20-21).

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