

# **DRAFT**

## **SENIORITY PROTECTION FOR UNIONIZED KNOWLEDGE WORKERS AND ITS EFFECT ON WORKER MOTIVATION AND ORGANIZATIONAL EFFICIENCY**

**BY MUKTAR HOMAM**

### **ABSTRACT**

This paper discusses the effects of seniority protection on motivation and efficiency of unionized knowledge workers. The paper is based on the personal experience and observations of the author, who is a unionized knowledge worker, and a review of the literature.

Knowledge workers are those that think for living, utilize their brains more than their hands to produce value, and are carrier of organizational knowledge. When they leave an organization, the knowledge goes with them. Knowledge workers make a high percentage of Canadian workers and in a great number of organizations they are unionized. The unions, unfortunately, have adopted models that are suitable for manual and assembly-line workers but not needed or suitable for knowledge workers. One such employment term is “seniority protection.”

Seniority protection provides security against lay-off for workers who have been with their union for the longest period of them. However, when it is applied to knowledge workers, it results in problems of social loafing, reduced efficiency, inequity and demotivation. The author believes that seniority protection provided for unionized knowledge workers, whose management is very complex, not only hurts the reputation of hardworking senior employees but it also hurts the confidence of new employees and the motivation of all workers in an organization.

Today’s companies do not have the business or technology monopolies of the past; domestic and international competition is severe and the profit margins are getting squeezed. Any contractual terms that negatively affects creativity, motivation and productivity will result in losses to the organizations and their workforce. Therefore, collective agreement terms such as seniority protection that in their present form have the potential for negative effects should be either modified to be based on objective equitable measures or should be completely eliminated.

## Introduction

This paper discusses the effects of the seniority protection on motivation and efficiency of unionized knowledge workers. The paper is based on the personal experiences and observations of the author as a unionized knowledge worker and a review of the literature.

The term “knowledge worker” was first introduced by Peter Drucker in 1959 [1]. The definition has been expanded throughout the years; it differentiates knowledge workers from manual and assembly-line workers. The following are the most common definition used for knowledge workers [1] [2] [3] [4] [5].

- They think for living.
- They utilize their brains more than their hands to produce value.
- They take data and information and change them to knowledge, design and product.
- Their work is non-routine. They have mastered a body of knowledge (tacit and explicit) which they are able to control, protect and apply to create value for the organization.
- They are the carrier of knowledge. When they leave, the knowledge goes with them.
- They know more about their job than anybody else in the organization.
- They have become essential to organizational success as the global climate morphs into a knowledge economy.
- They have the knowledge important to the organization and often are the only persons having it.

Knowledge workers make a high percentage of Canadian workers. In government departments, Crown Corporation and privatized organizations a large number of these knowledge workers are unionized. They can include civil servants, teachers, scientists, doctors, engineers, and lawyers. Forming unions and bargaining collectively are within the rights of the workers and can be very beneficial to workers because of the complexity of laws and financial and accounting matters of employment. Unfortunately, however, unions representing knowledge workers tend to follow the same union models as those of manual workers and bargain for employment terms that are suitable for manual and assembly-line workers but not needed or suitable for knowledge workers. One such employment term is “seniority protection.”

Seniority protection provides security against lay-off for workers who have been with their union for the longest period of them, irrespective of their age. However, when it is applied to knowledge workers, it results in problems of efficiency, equity and motivation. Research and experience has shown that some unionized knowledge workers after few years with a unionized organization don't pull their weight and become social loafers. They know that as long as they show up to work and don't do anything illegal, the management cannot take any drastic disciplinary actions against them or lay them off. The author believes that seniority protection

provided for unionized knowledge workers, because of the difficulties in managing them, not only hurts the reputation of hardworking senior employees, it also hurts the confidence of new employees and the motivation of all workers in an organization. Even the highly self-motivated individuals would be affected.

A literature review was conducted to study the definition, roles, value, management and motivation of knowledge workers. These findings are used to support the author's position that knowledge workers by virtue of their value to the organization do not need seniority protection. Where it is provided, it can be gravely misused by social loafers resulting in other employees' demotivation, sense of inequity and loss of efficiency to the organization.

## **Literature Review**

### *Knowledge Worker versus Manual Worker*

Knowledge is defined as a changing system with interactions among experience, skills, facts, relationships, values, thinking processes and meanings. It consists of two dimensions, explicit and tacit. Explicit dimension of knowledge can be expressed in formal and systematic language and can be shared in the form of data, scientific formulae, specifications, manuals. Tacit dimension of knowledge is highly personal and hard to discover, formalize, share and communicate. Both tacit and explicit dimensions of knowledge are important for organizations [4]. Possession of tacit knowledge makes the difference between effective and non-effective worker, between successful and failing organization. As tacit knowledge cannot be separated from its human owner, the most valuable knowledge in an organization is in the heads of the employees [4].

Drucker [6] writes that the most valuable assets of a 20th-century company were its production equipment. The most valuable asset of a 21st-century organization is its knowledge workers and their productivity. Drucker [6] states that in no other area is the difference greater between manual-worker productivity and knowledge-worker productivity than in their respective economics. Economic theory and most business practices see manual workers as a cost. To be productive, knowledge workers must be considered a capital asset. The traditional management approaches that appeared effective for the assembly-line workers of yesteryear are deemed to be counterproductive when applied to the knowledge-based workforce [7]. Vohra and Mukul [8] write, "the management of knowledge workers should be based on the assumption that the corporation needs them more than they need the corporation." Within knowledge work the knowledge can be deployed effectively only by the knowledge carrier who is also the owner of the means of production. If it is removed from the worker it is reduced from the state of knowledge to the less-valuable states of information or data [3, 6]. Making knowledge workers more productive requires changes in attitude not only on the part of the individual knowledge worker, but on the part of the whole organization. Studies [9] [10] have concluded that attempts

to apply assembly line productivity approaches to knowledge work have proved frustratingly difficult.

In manufacturing and assembly-line type of environment knowledge has been removed from the worker and assimilated into the organization. The organization, not the employee, has always owned the knowledge and distributed it sparingly to individual manual worker on an as-required basis [3]. The result has been limitation of task variety and increased task repetition, making the non-knowledge worker less valuable to the organization [10]. Figure 1 summarises the similarities and differences that are found when a common stimulus, the drive for increased efficiency, is applied in both knowledge work and non-knowledge work [3].

### Motivating Knowledge Workers

Kumar writes [11], “Motivation is not simply a means to get people to pursue organizational goals; rather, it is a means to get people to buy in and take ownership of the organization's needs as well as their own.” Knowledge workers are generally more concerned with adding value to the organization than earning a high salary. Based on the research, some ways to motivate and retain knowledge workers include: providing challenging and meaningful work, enabling learning and career development opportunities, ensuring adequate resources, recognizing contributions, and creating a supportive environment [12].

Johns and Saks [13] reported that employees show positive attitude and behaviour when there are more positive perceptions of justice and lower role ambiguity [14]. It was argued that to promote employee effort, leaders must make rewards dependent on performance and ensure that employees have a clear picture of how they can achieve these rewards [14].

Davenport [15] in his book encouraged people not to take for granted or ignore the effectiveness and productivity of knowledge work, and the role of knowledge as a critical success factor in the economy. He argued that without an emotional and mental commitment to a task or job, it is unlikely that great performance will be achieved from a knowledge worker.

### Managing Knowledge Workers

Mladkova [4] states that knowledge workers often possess knowledge that even their managers do not have it. As the work of knowledge workers cannot be observed and directly controlled, managers have problems in managing them. Managers cannot follow the process of their work; they cannot identify mistakes and intervene in time [4]. Paton [3] writes that if organizations are to be designed with the knowledge worker as the prime consideration, the traditional machine organizations that have been in use for many years must be rejected and replaced by another type [3].

A study by Long and Shields [10] reported that with an increasingly porous technology barrier between personal lives and job, employees can often be found doing paid work from home and tending to their personal affairs in the office. In the free-access model, the presumption is that knowledge worker, as experts, know what information is available and can search for and manage it themselves. It's also assumed that they have the discipline to avoid wasting time surfacing the web or watching sports, or funny YouTube videos at work. Thomas [16] argues, however, that productivity losses can be substantial, when there is a lack of self-discipline.

Drucker advised organizations to be aware of their role. His message was that if an organization puts a person into a job and he or she did not perform, the organization has made the mistake. There is no room to blame that person [17]. Matson and Prusak [18] write that many executives have a hazy understanding of what it takes to bolster productivity for knowledge workers. Therefore, performance metrics are hard to come by in knowledge work, making it challenging to manage improvement efforts.

Frick studied that performance of US federal knowledge workers and writes that [5] a significant weakness in the civil service is the inability, in practice, of managers to weed out inferior performers. Frick's writes that the process of removing non-performing civil servants is labour-intensive for supervisors, extremely drawn out, and subject to a number of administrative reviews that tend to encourage supervisors to use an alternate method for eliminating inferior performers—in other words, “passing the trash” [5]. The prevailing perception about public service employment is that poor performance is a big problem. Moreover, civil service employees are among the first to speak up about the situation. In questionnaire after questionnaire, civil service employees express disdain for a management team that they say cannot or will not remove from their midst coworkers who are not carrying their share of the load [5] [7].

### Seniority Protection

It is reported that the first seniority provisions appeared on the railroads in late 1890s [19]. With the rise of mass-production industries and the development of industrial unionism, the desire for seniority protection became even greater [19]. Older workers in semi-skilled jobs in mass-production industries were reported to be especially likely to be displaced by younger, more vigorous and rapid workers. In addition, it was difficult for management in huge factories, employing thousands of workers in skilled, semi-skilled, and unskilled classifications, to determine who merited promotions. Seniority protection, however, has not without controversy. A straight seniority was not considered equitable by all. There have been opposition to the practice from the members of the unions as well as the management.

Based on a historic review of seniority protection, Miller [19] concluded that some deviation from straight seniority was appropriate. Under modified seniority, the employees and unions could obtain protection against discrimination, while employee efficiency, which is in the

interest employees, management and the public could be maintained. Miller suggested that efficiency was unlikely to suffer if an equitable seniority plan was objectively administered.

## Discussion

As expected by the author, the literature review revealed that organizations, if are willing to compete and survive, should not treat and manage knowledge workers using the same processes and methods that have been used for manual workers in the past centuries. The responsibility for creating a productive system and work environment falls with the organization. In author's view, the organization consists of owners, management and the unions; who are the main players affecting an organization. The management and the union together establish the system, and as Carleton [12] writes if they "pit a good performer against a bad system, the system will win almost every time". Unfair system, whether real or perceived, derails the knowledge worker's motivation, and consequently hampers organizational effectiveness.

One aspect of unionized manual workers that have been copied by the unions of - but is unsuitable for - knowledge workers is seniority protection. A very good message taken from Figure 1 is that knowledge workers carry values that protect them, and therefore they don't need seniority protection as the manual workers do.

Seniority protection for manual and physical labour who work hard during their prime years and slow down due to factors that is beyond their control can be justified. Manual worker will have to keep up with the speed of the assembly line or carry their load of construction material at almost the same rate as everybody else. Assembly line and other physical workers, for most parts, cannot slack without being noticed. They earn their seniority through sweat equity not just union dues. For the physical labour the productivity can decline as the age progresses, but it is beyond their control. Since anybody can come to replace a manual labour with very little training, these workers are at high risk of losing their jobs while their job finding opportunities also decline. To protect them from discrimination and mal-treatment, they will need seniority protection.

Things are different for knowledge workers. Knowledge workers create value for their organization using their heads. The value of their knowledge and skills increases with training and experience. Only he or she knows how to use raw data, create designs and deliver knowledge-based products. Senior knowledge workers' value stays higher than younger workers even past their retirement.

Knowledge workers mostly work independently in their own office or work station. If they chose to use organization's time on his personal business or simply do nothing, nobody could tell. There is no assembly line to get them going and there is no concrete truck that will keep pouring. Those who slack won't be visible right away, and the damage done will not be noticed until

much later. Eventually, their peers will have to pay the price in the form of extra work, tougher negotiation with the employer upon contract renewal, and bad reputation; resulting in resentment and demotivation.

Keeping workers motivated at all times is one of the biggest challenges that organizations face. Motivation and productivity are not only important to the companies' bottom-line, but they are also important for the job security and psychological wellbeing of the workers. The author has observed that seniority protection can be a major obstacle to motivations. Performance appraisal and merit increases lose their effectiveness, especially, when it is perceived that almost everybody is graded as average whether they are low performers or above average performers. The organizations don't seem to have many tools to motivate the knowledge worker that are negatively affected by perception of inequity.

In the opinion of the author, the responsibility of creating a fair, equitable and motivating work environment is not the responsibility of the organization's management alone; the unions and their leadership are as much responsible, in spite of their claim that they are only there to protect workers' rights. The workers who join a unionized work place have no say or control over the term of the contract that has been negotiated between the organization and the union. His or her performance, motivation and productivity are affected by the environment that he or she is put in. An organization cannot remain competitive if creativity is hindered. The term of collective agreement should not result in demotivating average workers and hurting their job security by creating obstacles to creativity and productivity. The seniority protection for knowledge workers has proved provides the opportunity for misuse by social loafers and demotivate high performers and.

The organizations hiring knowledge workers and the unions representing them should either find an objective and equitable weighing method for seniority protection or remove it from their collective agreements. The unions, instead, should bargain for fair termination and lay-off packages, so that the organizations are able to remove social loafers but do not throw out any worker at will. If an organization is forced by the seniority clauses of a collective agreement to retain those knowledge workers who have lost interest in the work but wants to use collective power of the union to be paid until retirement, the organization and the rest of the members will pay the price; not only because of the cost of maintaining social loafers on the payroll, but also because of lower motivation and the resulting significant reduction on overall productivity. Any real or perceived inequity in organization will demotivate average employees.

## **Conclusions**

The author believes that the seniority protection is not needed for today's knowledge workers. Where provided, it has been misused by social loafers; without serving the hard working senior workers, the average knowledge worker or others in knowledge work organizations. Traditional

methods of managing and controlling the productivity of workers do not work well for managing knowledge workers. Additionally, today's companies do not have the business or technology monopoly anymore; the competition is severe at home and from abroad and the profit margins are getting smaller. Any contractual terms that negatively affects creativity, motivation and productivity will result in losses to the organizations and loss of jobs for the entire workforce. Therefore, collective agreement terms such as seniority protection should be either based on a very objective equitable measure or should be completely discarded.

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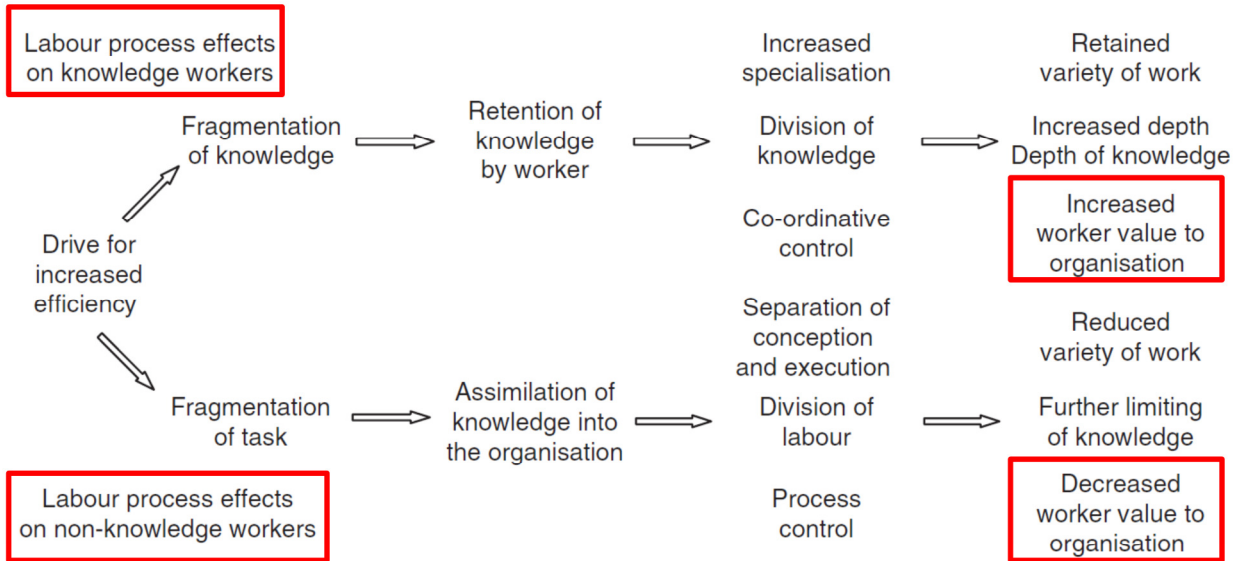
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## FIGURES



**Figure 1: Labour Process Effects [3]**