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Human Capital Management: The Flow of Knowledge Between Multi-Generational Workforce

ANIL KUMAR AHLUWALIA.

Research Scholar, Singhania, University, Rajasthan, India

Abstract: **The purpose of this exploratory study is to examine knowledge transfer strategies within the framework of a multi-generational workforce. It is common to consider different generational perspectives in the workplace and its impact on knowledge management and transfer strategy. This research compares differences in workforce generations and examines different methods to pass knowledge cross-generationally. Companies must design knowledge transfer strategies conducive to multi-generational workforce dynamics keeping in mind the generational diversity that exists in the workplace. The present study endeavors to provide insight into this issue.**

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1. INTRODUCTION

Nonaka and Takeuchi (1995) consider knowledge and intellectual capital as a company's primary source of production and value. Human capital, recognized by organizations as the strategic value of the human assets, is the collective value of the workforce. Human capital is not the worker in a company- it is what that person brings and contributes to the success of the organization. Human capital is the collective value of the capabilities, knowledge, skills, life experiences, and motivation of the workforce (Aldisent, 2002). Also called intellectual capital to reflect the thinking, knowledge, creativity, and decision making that people in organizations contribute, human capital includes these organizational contributions (Kaplan & Norton, 2004).

Ulrich (1998) explained the importance of knowledge management within an organization - knowledge is an organization's only appreciable asset and knowledge work continues to increase. Knowledge and knowledge management are recognized as valuable corporate resources in the same vein as land, buildings, financial resources, people, capital equipment, and other tangible assets (Kipley, Lewis & Helm, 2008).

As employees in organizations progress with age, they acquire a set of knowledge that is customized to the firms' operations, structure and culture. More importantly, it is the unique insights and understood idiosyncrasies about the company that is developed over time which make the learning difficult to replicate or replace when aging employees transfer out of their positions (Lesser, 2006). It is this combination of explicit and tacit knowledge that mature workers possess which has become the most 'strategically significant resource of organizations' (Calo, 2008, p. 404).

To remain competitive companies need to develop strategies to retain this knowledge from older workers and transfer it successfully to other employees in the corporation (Calo, 2008). "As the Baby Boomer generation prepares for retirement, many firms want to be sure that the knowledge and experience gained by the current leadership does not walk out the door when they do" (Glick, 2007, p. 11). A growing concern among organizations is the vast wealth of knowledge and experience built by Baby Boomers walking out the door (Paton, 2008). Experienced executives contain important know-how, if this information were to be lost, it would result in a pricey undertaking for the organization to recover that information, if even at all (Martin, 2000).

This study explores generational diversity workplace variables that affect achieving optimal knowledge management within organizations. Further, this paper seeks to reflect upon knowledge management strategies from the perspective of knowledge transfer within multi-generational workforce environments.

2. Information versus Knowledge

Knowledge found within an organization's human capital must be first captured and then transferred in order to be exploited for advantage. But, what constitutes knowledge? According to Blanchard and Thacker (2009), knowledge is defined as 'an organized body of facts, principles, procedures and information acquired over time' (p. 18). According to Noe (2008), knowledge refers to what individuals or teams of employees know or know how to do (human and social knowledge) as well as a company's rules, processes, tools, and routines (structured knowledge).

When is information knowledge? Companies have information based on sales, inventory, and methods of payment but that has been primarily used to help with financial reporting. Information has potential if it properly managed. All knowledge is based on information but all information does not rise to the level of knowledge. Can knowledge management help make piles of information into trends, products, and increased profitability for businesses?

In the purest form, all robust knowledge management processes start with a database. But, information becomes knowledge when it is understood, manipulated and can become tied to a purpose and or idea. For example, businesses have used consumer purchase trends from previous years to try and order proper inventory. Data mining or looking for a correlation in information has been long included in most social science fields.

The relationship between a consumer and their shopping habits has psychological implications that can be managed and utilized by the businesses frequented by the consumer (Lacey & Sneath, 2006). Creating databases of information tying the purchase of an item to a specific consumer and including factors such as frequency of purchase and average amount spent required is a huge undertaking that requires a huge payoff for businesses to continue the practice.

Databases should help an employee learn from the information. “There should be a process for guaranteeing that the knowledge everyone carries around with them is retained in a permanent place for use by others” (Glick, 2007, p. 11). But, commitment to information technology infrastructures does not always lead to better business performance or significant return on investment (Malhotra, 2005).

Indeed, Booth (2008), states “information without context is simply raw data, which is not knowledge” (p. 22). When the Baby Boomers began to retire, many companies began to find silos of information throughout the company and began to crudely put together all the information with the hopes of helping but instead created a data monster that hindered the productive process (Booth, 2008). The use of the information within databases depends upon the need for the knowledge management process.

3. Knowledge Management

For many years, the exact definition of what knowledge management is has been ambiguous. The use of knowledge management across various fields has given the subject several different interpretations and meanings. Additionally, on the surface, knowledge management is difficult to define. This difficulty stems from the confusion existing in a term which is commonly used in organizations to describe the practice (and technology infrastructure system) of managing its knowledge - the process of collecting, codifying, accessing and transferring the totality of an organization's knowledge.

Knowledge management, an evolving term, has a glut of contributions surrounding a formal definition. Debates are ongoing as to concepts involved and how to properly convey it in a universal fashion (Slagter, 2007). Indeed, Sveiby (2001) states, knowledge cannot be managed and therefore knowledge management is a poor term. Sveiby (2001) offers that knowledge focus or knowledge creation, coined by Nonaka, are better terms because they describe a mindset in which knowledge is an activity not an object.

McInerney (2002) broadly described knowledge management as a common business practice and as a theoretical field of study. Others have simply concluded that knowledge management is the creation, transfer and retention of knowledge by organizations (Martin de Holan & Phillips, 2004). In practice, knowledge management is a conscious effort to gain from the knowledge that lies within in an organization by using it to achieve the organization’s mission (McInerney, 2002). Thus, having knowledge about something, some process or method, can allow executives to make judgments and proceed in a manner that is just and coherent.

A more substantial definition was supplied by Gephart, Marsick, Van Buren, and Spiro (1996), ‘knowledge management refers to the process of enhancing company performance by designing and implementing tools, process, systems, structures, and cultures to improve the creation, sharing and use of knowledge’ (p. 71). Similarly, Rastogi (2000) defines knowledge management as a systematic and integrative process of coordinating

organization-wide activities of acquiring, creating, storing, sharing, diffusing, developing, and deploying knowledge by individuals and groups in pursuit of major organizational goals. It is the process through which organizations create and use their institutional and collective knowledge. While many definitions stress system processes with an IT focus, Rastogi (2000) clearly points out the necessary human involvement beyond those processes.
Rastogi's (2000) rich definition also includes the process of knowledge from the creation or acquisition of knowledge to its use. Internal knowledge is knowledge that is created within the company through innovative attempts while external knowledge is gained from outside sources (Seidler-de Alwis & Hartmann, 2008).

Whichever way knowledge is acquired, it needs to have a way by which it can be stored, shared and ultimately deployed.

4. Multi-Generational Workforce

Pre-Baby Boomers -also referred to as Silents, Traditionalists, and Veterans -were born between 1900 and 1945 during the grey market (Kyles, 2009). Some consider Pre-Baby Boomers as a split from the Baby Boomer generation, being the older cohort segmentation (Reisenwitz & Iyer, 2007). Able to witness the rise of television networks and mass marketing, Pre-Baby Boomers have purchasing power with money to spend (Reisenwitz & Iyer, 2007). Influenced by the Great Depression and World War II, they did not like to challenge authority, were very loyal, consistent, and conforming (Kyles, 2009). As a result they were "most comfortable with conformity and a top-down management style" and motivated by "verbal or written recognition, awards, and public acknowledgement" versus the next generations following (Kyles, 2009).

Baby Boomers, born between 1946 and 1964, are nicknamed the "forgotten generation" as some marketers have more aggressively begun to target other generations (Reisenwitz & Iyer, 2007). Being raised after the war, this generation was associated with optimism, team orientation, and personal gratification" (Westerman & Yamamura, 2007). As one of the largest cohorts in our history, Baby Boomers significantly impact our society, business, and the economy (Westerman & Yamamura, 2007). The Baby Boomer generation experienced post-war stress and, hence, was not willing to conform like pre-boomers. Their primary "focus was on work and were rewarded for their loyalty and commitment" (Cennamo & Gardener, 2009). One of their top values is relationship building.

The next generation entering the workplace, Generation X, is described as independent in comparison to the first two. Generation X, born from 1965 to 1979, witnessed the rise of technology and social changes representing financial, family, and social insecurity without expecting job security (Cennamo & Gardener, 2009). Mirroring this generation, organizations were also suffering from the economic downfalls from the oil shocks in 1973 and 1979 (Cappelli, 2008). Hence, Generation X is described as having more commitment to their own careers than to their organizations as they highly value skill development, and productivity (Cennamo & Gardener, 2009). However, due to their independence they are considered to be disloyal and do not care much about corporate politics (Kyles, 2009).

Generation X worked hard and was referred to as selfish; however, this was the first generation to start balancing work and family (Cennamo & Gardener, 2009). Baby Boomers experienced stay home moms; but Generation X had working parents and was the first generation to experience single parenthood. In addition, Generation X suffered from corporate lay-offs and economic recession; hence, they do not find building relationship with upper management as beneficial, but instead a "degree of bootlicking" (Kyles, 2009). They are mostly rewarded by receiving career opportunities and having autonomy - a requirement for them to be happy and productive in the workplace (Kyles, 2009).
The next cohort, Generation Y, born from 1980 to 1999, is also referred to as Nexters or Millennials (Kyles,n2009). This generation witnessed economic crisis from the recession in 1981 (Cappelli, 2008). Generation Y members are changes – most notably in the "growth of the Internet" as they are very comfortable with the internet and technological advances (Cennamo & Gardener, 2009). Generation Y values being able to balance work and life, advances in the career world, and traveling more (Kyles, 2009). Similar to Generation X, they are also products of non traditional families. Generation Y, concerned with careers that better the world, want their contributions recognized and acknowledged (Kyles, 2009).

Wide age spreads present significant challenges and barriers to businesses as they encounter issues pertaining

to age bias and differing values and work habits among their multi-generational workforce (Lesser, 2006). These differences create knowledge transfer barriers
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5. Facilitating Knowledge Transfer within a Multi-generational Workforce

Certainly, there are many methods to transfer knowledge. Companies which recognize the challenges of shifting workforce demographics are utilizing an assortment of knowledge management strategies to transfer knowledge from experts in the Baby Boomer cohort to members of Generation Y. And, while a variety of knowledge management strategies have been successfully implemented setting the stage for knowledge to be captured and shared, companies must design knowledge transfer strategies conducive to multi-generational workforce dynamics keeping in mind the generational diversity that exists in the workplace. Indeed, Lahaie (2005) states, effective knowledge management and knowledge transfer within the organization are fundamental for ongoing organizational effectiveness: but to transfer knowledge effectively, there has got to be planning. Organizations are challenged in gathering the best available knowledge. This is not always easy; organizations must understand who holds key knowledge; otherwise knowledge management loses all importance.

Piktials & Greenes (2008) examined knowledge loss gaps and stress two of the best methods to capture and pass knowledge cross-generationally are to customize knowledge transfer methods with regard to the present needs and to be clear as to how each generation prefers to learn. Similarly, Wagner (2009) states knowledge transfer methods need to be varied due to existing age-diversity of the workforce.

Further, Wagner (2009) suggests because of the diversity of learning styles among generations represented in the workforce, various methods of transfer should exist accommodating formal education and training, apprenticeships, simulations and games, storytelling and conferences, blogs and papers. Technology has further perpetuated the need for the diversity and presents opportunities to make use of what would be more appealing to Millennials. They may feel more comfortable utilizing Instant Messages, blogs or podcasts to transfer their knowledge to others in the workplace. This suggestion poses unique challenges. Although the Millennial generation is comfortable with technology; the Baby Boomer generation is not. Therefore consideration must also be given to how knowledge is converted when transferred.

A joint study conducted by International Business Machines Corporation and the American Society of Training and Development revealed that 60% of respondents utilize mentoring as a method of passing on knowledge, while approximately one-half still use document/heavy repositories as tools for capturing knowledge (IBM & ASTD, Lesser, 2006). The study also notes that mentoring is most effective in learn-while-doing scenarios where mentors offer guidance to students in realistic situations they may be encountering. Thus, the one-on-one relationship between the mentor and the mentee helps facilitate the transfer of experiential and tacit knowledge. However, mentoring, a valid experiential and tacit knowledge transfer method is time consuming. Furthermore, the pairing of mentor and mentee is of concern. The mentoring relationship must bridge the generational gap. If the mentoring relationship cannot be established, then knowledge transfer will not occur.

Other forms of knowledge transfer include classroom training led by older workers, fostering learning communities to encourage sharing of learning and experiences between young and older workers, and leveraging multimedia tools, such as audio/video interviewing and story telling to preserve significant learning from aging employees (IBM & ASTD, Lesser, 2006). These knowledge transfer strategies assume training and development resources. Additionally, organizational culture must be examined since the use of a storytelling and contextually based transfer design may create discomfort. One of the challenges to instructional designers who consider using storytelling and contextually based design techniques is the issue of whether such approaches will be accepted within the culture of the organization. Another challenge in storytelling is credibility. In some instances, workers may feel that they are inappropriate as an approach to knowledge transfer.

Wagner (2009) states, for companies to be most effective and make great strides- engagement needs to occur between Baby Boomers and Millennials within their work environment for two-way learning to occur. In today's multi-generational workforce, evidence of reverse mentoring where younger workers assist older workers in a particular area may prove to be a successful knowledge management strategy as well. Reverse mentoring is usually used when executives need to understand operations or technology that can be shared by younger front-line or tech-savvy employees. However, generational perspectives make it difficult to establish and cultivate a reverse mentoring mindset. In order to have a successful reverse mentoring relationship it is necessary to create and maintain an attitude of openness to the experience and dissolve barriers of status, power and position. Although challenges exist, reverse mentoring is critical for older workers. As workers advance in age, they will need to refresh important skills to remain productive and effective in the workplace.

6. Conclusion

Certainly, many managers ignore the importance of intellectual capital and fail to capitalize on its benefits; however, the most important rule is that knowledge needs to be managed, so it requires vision and strategy (Ulrich, 1998). Conversely, by integrating knowledge management into a company's business processes, or changing the corporate culture a company can support the open sharing of knowledge (Uelpenich & Bodendorf, 2003).

Successfully identifying and retaining valuable industry and company knowledge can be very challenging for organizations. But, current economic demands and changing workforce demographics have pressured companies into action. Moreover, since the Baby Boomer generation is the largest generation to enter the workforce, companies are scrambling to retain their knowledge.

Indeed, Lahaie (2005), The Impact of Corporate Memory Loss, claims 42 % of corporate knowledge resides in the brains of the workforce and the institutional knowledge that accompanies the person out the door is both explicit and tacit. Hence, companies are directly and severely affected by the knowledge loss of their departing senior executives.

An organization committed to capturing and transferring critical knowledge within their ever-changing workforce demographics is a company that can retain organizational knowledge and improve its workforce. Organizational leaders of today, managing multi-generational workforces, possess the opportunity to utilize knowledge management for strategic advantage. Indeed, growth-oriented organizations increasingly rely upon knowledge-based competitive strategies in which learning, innovation and continuous individual development play crucial roles (Matlay, 2000).

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