Talent Management in the Era of the Aging Workforce: The Critical Role of Knowledge Transfer

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Organizations have been confronting many of the demographic changes occurring in the workforce, such as increasing racial and ethnic diversity along with greater numbers of women workers. The workforce is also rapidly aging, though his demographic shift is only beginning to be addressed by many organizations as a strategic and competitive challenge. As the baby boom generation transitions into retirement, organizations must plan for the replacement of this large and knowledgeable cohort of workers. This article addresses the particular risks and challenges that organizations face in ensuring the transfer of the valuable knowledge that older workers possess before they retire.

Imagine you are an HR executive and there are two possible scenarios you might experience. In the first scenario, you are fully aware of and concerned about the aging of your organization's workforce. You are especially concerned about the retirements of knowledgeable and experienced baby boomers and that steps have not yet been taken to transfer those potential retirees' valuable knowledge to others in the organization. You bring this concern to the attention of senior managers, but you feel like the little pig crying wolf when you are accused of unnecessary alarmism and failing to have your priorities straight. Or, equally troubling, you remain silent because you happen to work for an organization where negative news is unwelcome, and you fear the inevitable fate of the messenger who brings bad news. Either way, the organization fails to address its aging workforce challenge in a timely manner.

In the second scenario, you are not sufficiently informed about the aging of your organization's workforce and the risks from a large number of retirements. Or, equally troubling, you have such an awareness, but you do not think the aging workforce is an immediate or particularly serious concern for your organization because of other priorities. As a result, you take no immediate action. Subsequently, after the magnitude of the problem becomes apparent in the organization, you are summoned before the executive committee to explain why you, as the senior HR professional, did not alert management to the risk of the aging workforce.

Where do such scenarios leave the HR professional? Not, it must be acknowledged, in an altogether comfortable position. Consider for a moment, though, that these and similar scenarios are likely to manifest themselves in most organizations in one form or another over the next few years. Organizations must take steps to develop a strategy for successfully transferring the valuable knowledge that resides in their older workers to other members of their workforce. Denial, delay, or doing nothing may be appealing responses in the short term, especially when there is some evidence that older workers are working longer and that the supply of workers appears to be in balance with or exceeding demand. Taking action is also more difficult during times of economic slowdown, when an organization is focusing on controlling expenses.

The Critical Importance of Knowledge

Researchers and practitioners have discussed the importance of knowledge transfer to an organization's success, and knowledge has become recognized as the most strategically significant resource of organizations.[1] When Peter Drucker[2] alerted organizational leaders to the rise of the knowledge society, he described the radical change in the meaning of knowledge and how knowledge had assumed even greater importance than either capital or labor for nations. As the workforce driving the knowledge economy ages, new challenges will arise, particularly the risk of a significant loss of valuable knowledge as older workers retire from the workforce. In the knowledge economy, even flawless execution cannot guarantee an organization's continued success, as the failure to incorporate new information can cause an organization to fall behind.[3] Intellectual capital and employee talent have become areas of competitive advantage, and even of survival, for organizations.

Many executive decision makers are increasingly treating equipment, technology, unskilled labor, and capital as commodities. Employee knowledge, experience, and wisdom, however, are not organizational commodities, and they cannot be managed as commodities. The knowledge held by individuals must be passed on to others in order for that knowledge to be leveraged.[4] Yet it is noteworthy that so many organizations continue to maintain a short-term focus by laying off talented workers and facilitating early retirements before putting in place a strategy to capture and retain the valuable knowledge that is lost when the most experienced individuals leave the organization.

Recruiting, motivating, and retaining a talented workforce are not short-term problems or passing fads. They are systemic, protracted, and chronic problems that organizations will face for the foreseeable future. Demographic and workforce management will be as critical a strategic issue for organizations as financial and technological management. This harsh reality may be difficult for many organizational leaders to appreciate and accept. Workforce demographics have almost always worked to the advantage of organizations. Yet current and projected workforce supply and demand challenges are complex and multifaceted. These challenges may be broadly conceptualized as a "perfect demographic storm." *A perfect storm* is a situation in which multiple undesirable and uncontrollable conditions come together at the same time. Currently, there is a convergence of three demographic-influenced realities that will affect the ways in which organizations' workforces must be strategically managed—the loss of knowledge due to the retirement of baby boomers, a projected shortage of workers, and an overall aging workforce.

Loss of Knowledge From Baby Boomer Retirements

An inevitable reality of organizational life is that valued employees leave the organization, voluntarily or otherwise. Some of this loss of talent can be predicted and controlled, but some loss cannot. Death, disability, voluntary resignation, and other life events cannot always be predicted and controlled. Yet organizations have great opportunity and resources to both predict and, to some extent, control the retirement of baby boomers.

Organizations run the risk of losing great stores of knowledge from the impending retirement of large numbers of baby boomers. Many of these employees have amassed great knowledge, skills, and wisdom that has either not been captured within the organization's collective memory system or which has not been personally transferred to other individuals in the organization. Given the age demographics of many organizations, an unprecedented loss of human capital will occur between now and 2020 unless steps are taken to proactively transfer the knowledge from valued longtime employees. The risk of knowledge loss is especially acute in the public sector, as job tenure tends to be greater in the public sector than in the private sector.

What organization would not take immediate corrective action if it identified a steady decline in customers, a rise in customer complaints, or a billing system that was losing it money? Yet many organizations do not act with the same sense of urgency when the lack of a knowledge transfer process results in a continuous loss of unrecoverable knowledge as valued employees transition to retirement.

Knowledge management is a broad concept that has been defined as "a conscious strategy of getting the right knowledge to the right people at the right time"[5] and as a way of putting knowledge into action to improve organizational performance. How to transfer knowledge from one person to others or to the broader organizational knowledge base is a challenging aspect of the knowledge management process because knowledge transfer does not occur spontaneously or naturally. Ensuring an effective transfer of knowledge requires having an understanding of the dynamics and organizational processes of the knowledge transfer process.

In reflecting upon what he learned from archaeology, Robinson[6] noted that the ancients knew many valuable and significant facts that no one knows today and that the amount of lost knowledge is beyond estimation. Once it is lost, knowledge can never be fully recovered. It is wise, therefore, for organizations to focus on capturing knowledge before it is lost rather than on trying to buy knowledge or recover it. While it is difficult to accurately calculate the financial consequences of losing critical knowledge, the risks certainly include lost productivity, increased errors, and diminished creativity. The essential point organizational leaders need to recognize is that once knowledge and expertise has left their organization, it is difficult to recover, so difficult as to be unlikely. Knowledgeable older workers will be leaving organizations in record numbers over the coming decade, so before they leave, it is imperative that organizations take steps to retain their knowledge.

A Shortage of Workers

Demography is not an exact science, but it provides reliable and useful data for workforce planning. Demographers, like climatologists who can alert us to changing weather patterns such as global warming, can alert us to changing patters of birth and longevity rates. It is up to us to decide what to do with this information.

The evidence that the populations of developed countries are aging rapidly due to decreased birth rates and longer life spans is undeniable. For example, the fastest growing segment of the workforce in the United States is individuals older than 55 years, whereas the population of workers who are between 35 and 44 years of age, which are considered the prime executive development years, is declining.[7] There were early indications that the workforce was aging when *Workforce 2000*[8] was published in 1987, but the predictions about aging issues were overshadowed by the more immediate issues of racial, ethnic, and gender changes in the workforce that needed to be confronted by organizations. Now is the time to meet the challenges of the aging of the workforce with the same vigor with which those other challenges were met.

During the downsizing drives of the 1980s and early 1990s, many organizations reduced hiring and training. As a consequence, many organizations are now experiencing shortages of midcareer managers and employees with the skills, experience, and institutional knowledge to fill the knowledge void that will occur when older workers retire. Much of this dilemma has been precipitated by practices in organizations that focused on removing older workers from the workforce. Older workers became increasingly viewed as an expendable resource to eliminate rather than as a valuable resource to retain. In times prior to the downsizing era, older workers were the group most likely to be protected by internal labor markets, but they have seen a dramatic decline in their job stability. Medoff[9] found that the proportion of prime-age workers (ages 35–54) permanently displaced from their jobs nearly doubled between the 1970s and the early 1990s. Men aged 55–64 saw their job tenure fall from 15.3 years to 10.5 years between 1983 and 1996.[10] There has been a noticeable shift, then, from previous periods in which job loss was traditionally determined by the "last-in, first-out" rule. Whereas in these previous periods of job loss, in which younger (versus older) workers and shorter-service (versus longer-service) workers were more likely to be displaced, these patterns have largely been reversed in the period of job loss from corporate downsizing and reengineering.

In addition to the layoff option, many organizations opted to offer early retirement incentives to long-serving employees. So, accelerating the exit of older workers from the workforce of many organizations was either a conscious strategy or, at a minimum, a passive acceptance that it was in the best interests of the organization for older workers to exit the workforce sooner rather than later. Retirement and benefit systems were also designed to anticipate, and even encourage, this "normal" process. Such practices, however, should not be evaluated entirely critically in light of current realities, but they should be understood in terms of the realities that existed at the time.

Looked at with proper perspective, these practices not only become understandable, but actually understood as appropriate. As baby boomers began entering the workforce in the late 1960s and throughout the 1970s, they were the largest generation in U.S. history and also the most highly educated and ambitious. As they reached the prime of their careers, the only obstacle baby boomers faced to entering the senior ranks was the presence older managers in the executive suite. Moreover, the supply of talented and motivated baby boomers seeking career growth far exceeded the demand and number of opportunities. Facilitating the retirement of older workers served to ease the pressure organizations felt to keep their then-younger and better-educated workers happy. Much like oil before the 1970s, the supply of baby boomers far exceeded demand, and decision making was made in terms of that reality.

A second factor contributing to this pattern was that many organizations operated under the concept of the *psychological contract*. Levinson et al.[11] have described the relationship that exists between employee and employer as a psychological contract because there are mutual behavioral expectations between the organization and workers. For most of the post-World War II era, this psychological contract was that in exchange for hard work and loyalty to the organization, the employee was reasonably assured of continued employment and financial security. This implicit arrangement exists today in only very few, primarily public sector, organizations.

Until its demise, however, which occurred during the era of organizational downsizing and reengineering, the lifelong psychological contract was the dominant employer–employee arrangement in many organizations. Under this model, the organization had an obligation to provide a secure and certain retirement to long-serving and loyal employees. Workers expected to be able to retire, and organizations anticipated employees would retire when they reached a certain age or number of years of service. From the perspective of both the employees and the organization, it would have been seen as unfair and a violation of the psychological contract not to provide for the retirement of workers on this basis, and there was no reason for this pattern not to continue because the organization had many options for replacing retiring workers.

From the vantage point of hindsight, we can acknowledge that this old paradigm was relevant and appropriate for the time in which it held sway. Kuhn,[12] who studied the embedded resistance to change, taught us that paradigm shifts do not occur easily. The current debates over how to deal with older workers in organizations is a classic manifestation of a struggle for a paradigm shift, which is often strongly resisted by entrenched perceptions and organizational systems. As in most situations requiring change, the warning signs are evident but often ignored.

Demographically, the United States has reached the point where the labor that is needed and the labor that is available are starting to diverge. Where, previously, supply exceeded demand, there are now credible predictions of a general labor shortage.[13] Cappelli,[14] however, has noted that most studies predicting future labor shortages make the assumption that retirement patterns will not change and that people will continue to retire at the same age as they always have (i.e., between 60 and 65), even as individuals' life expectancy and ability to work longer increase. Capelli may be correct that such assumptions are unrealistic, if for no other reason than that financial considerations will require people to work longer, as well as because the rising age for Social Security eligibility will delay many retirements.

Still, the broader problem, as noted earlier, is more than just the availability of workers or when older workers retire. A smaller cohort of workers followed the baby boomers. It has been estimated that this cohort, often referred to as the "baby bust" generation, is approximately 16% smaller in numbers than the baby boomers.[15] These unprecedented changes in workforce demographics pose threats of both labor and skill shortages, and are already being seen in unwanted turnover, skill shortages, and poor bench strength. To address these problems, organizations will need to change the nature of the employment relationship and learning opportunities for older and younger workers alike.[16] Moreover, there is also the risk of losing a significant amount of the knowledge and skills of the retiring baby boomers (whenever they retire) if the knowledge and skills are not transferred to others before they leave the workforce.

An Aging Workforce

Most of the concerns that have been expressed regarding the risk of the aging workforce have involved the loss of knowledge from the retirement of the baby boomers and on the potential shortage of workers to fill the gaps left by exits from the workforce. A distinct but related concern that must be addressed is how to make the best use of older workers who remain in the workforce. Today, the workforce of most organizations has a higher overall age than at any time in history. While many older workers are members of the first wave of baby boomers, the 50-54 age group is the fastest growing segment of the population, and the 45-49 age group is the second fastest growing. The concerns, then, should not be only about the imminent retirement of the first wave of the baby boomers, but that organizations will need to confront many new issues as a result of having a larger number of older workers on their payrolls.

Strack, Baier, and Fahlander,[17] for example, have identified two categories of demographic risk facing organizations. The first, capacity risk, involves the impending retirement of large numbers of baby boomers and the loss of accumulated knowledge and expertise. The second is productivity risk, which Strack and colleagues describe as the risk of the overall effect of having older workers still on the payroll. While age often brings valuable expertise and wisdom, age can also mean a lack of fully up-to-date skills, health problems, and lowered motivation due to job and career satisfaction or inertia. Preparing only for the retirement of older workers, then, is an insufficient response to the aging of the workforce.

It appears that work motivation does not necessarily subside as workers age, but the factors of motivation do change. In the United States, aging is assumed to result in general decline, particularly in cognitive and intellectual capabilities. But research in a number of domains has shown that an assumption of general decline with age is simplistic and incorrect.[18] Organizations have given little or no attention to understanding how aging and adult development affect work motivation and performance. While additional research is needed in this regard, the available evidence suggests that achievement motivation (i.e., the desire to demonstrate mastery and excellence as compared with others) appears to decline with age, whereas motivations to have a positive affect and a positive self-conception become stronger with age.[19] Organizations will need to consider many systems and processes such as job redesign and career planning in order to enhance the work motivation and job performance of midlife and older workers.

Knowledge Transfer as a Talent Management Strategy

Talent management has been defined by Cappelli[20] as "simply a matter of anticipating the need for human talent and then setting out a plan to meet it." He claimed that most organizations have not proactively addressed the challenge of talent management because they have either considered the issue meaningless, or they have relied upon outside hiring whenever a need for talent has arisen. As the demand for talent continues to grow, however, so will the competition for that talent. Organizations that rely primarily upon external hiring to buy the knowledge lost through turnover and retirements will find that strategy to be decreasingly effective. When the talent supply exceeded demand, external hiring may have made sense as a primary strategy, but the talent pool is shrinking and the demand for talent is escalating. Even if external talent can be bought, the competitive costs will continue to increase.

Even more significant is the concern for the organizational loyalty and cultural fit of externally recruited talent, as well as the concerns of existing organizational employees who are passed over for an opportunity that is provided to an external hire. Consequently, necessary and interrelated strategies for organizations are to retain and grow talent internally and to ensure the transfer of knowledge within the organization.

Because of the importance of knowledge retention and transfer, organizations have begun to institutionalize knowledge by creating institutional memory systems. Organizational knowledge is a distinct attribute of an organization that is different and distinguishable from the knowledge of individuals. Organizational knowledge resides in an organization's memory system, not just in the heads and experiences of individuals. This knowledge does not disappear as individual employees come and go, and its existence is what makes it possible for collective action to occur in an organization.[21] Consequently, the loss of knowledge decreases an organization's capacity for effective action or decision making.[22]

The reality in most organizations is that much of, if not most, institutional knowledge resides with individuals. Every organization has its share of people who are known to be the experts on specific problems or issues. Herzberg[23] referred to such people as "wise old Turks," referring to the character whom Zorba The Greek sought out for all practical wisdom. Many of these individuals are likely to be seasoned veterans and members of the baby boom generation who are at risk of retiring before their valuable knowledge is transferred to others or to the institutional memory system.

Ensuring the transfer of wise old Turks' knowledge must become a critical priority for organizations. Appreciating the importance of knowledge transfer requires an understanding of organizational knowledge and of the types of such knowledge.

Expert versus Tacit Knowledge

One of the principal reasons why knowledge once lost cannot be fully recovered is that knowledge can be broadly classified into two fundamental types—*explicit knowledge* and *tacit knowledge*. Explicit knowledge tends to be "unambiguous, observable, and indisputable."[24] As such, it is highly codifiable and can be readily transferred within an organization or between individuals without loss of meaning. Explicit knowledge exists in the form of documents, databases, and policy and procedures manuals.[25]

Tacit knowledge, on the other hand, "is inexpressible and not readily transferable to others."[26] Tacit knowledge is informal and uncodified, and it exists in the heads of employees and in the experiences of the organization.[27]

Organizations must be able to transfer knowledge, especially tacit knowledge. Since tacit knowledge is embedded in individuals and contexts, its transfer between people can be slow and uncertain, making tacit knowledge transfer one of the most difficult aspects of the knowledge management process.

If the value of knowledge transfer is so apparent, why does it not occur more naturally and extensively? The reality is that most employee behavior is determined by organizational culture, and while there are some cultures that reward and encourage knowledge transfer, other cultures unintentionally discourage knowledge transfer. Watson and Hewitt[28] have asserted that knowledge contribution is an altruistic act because it is done for the benefit of others in the organization. The authors believe the fact that individuals do contribute their knowledge for the benefit of others can be explained by social exchange theory, which posits that individuals will contribute their knowledge even when doing so is not formally rewarded. In studying how extrinsic and intrinsic benefits may differ in terms of impact on knowledge contributors, Kankanhalli, Tan and Wei[29] found that enjoyment in helping others was more important than organizational rewards as a motivator for knowledge contribution. It should be evident, therefore, that knowledge contribution would occur even more extensively if an organization's culture supported, encouraged, and fostered knowledge transfer.

In far too many instances, practices and assumptions from before the dawn of the knowledge society continue to prevail in organizations, meaning employees are often seen as interchangeable and easily replaceable parts. When dealing with knowledge workers as opposed to low-skilled workers in a highly structured or routine job, knowledge cannot simply be extracted from an older experienced worker and transplanted into a younger worker. Knowledge, especially tacit knowledge, is very personal, and knowledge workers need to be provided with opportunities and incentives to want to pass it on.

The Role of the HR Professional in the Knowledge Transfer Process

The two people primarily responsible for an organization's talent supply are the chief executive officer and the head of human resources. CEO's must visibly support the organization's commitment to knowledge transfer and overall workforce changes to accommodate changing demographics, since many of the strategies required to do these things will necessitate changing past practices and ingrained attitudes.[30] If managing the risks of an aging workforce is going to be an ongoing part of an organization's approach to dealing with its workforce, it will be essential for the organization's HR function to be a true strategic partner with top management, which is a role HR professionals should have assumed long ago.[31]

The policies and practices that are necessary for knowledge transfer to occur reside within the HR function, so the involvement and leadership of HR management is essential. HR executives must provide expert and wise counsel to the CEO and executive team on all matters relating to the workforce. HR executives must also be responsible for the organization's staffing procedures to ensure that employees and job candidates with the right talent is in the right place at the right time.[32] HR professionals should have great incentive to develop and implement the necessary policies and practices that will encourage and facilitate the transfer of critical knowledge within the organization before knowledge is lost and becomes unrecoverable.

There are certain preconditions, though, for knowledge transfer to occur. All the best intentions will not achieve the desired results if an organization's workplace environment and culture do not encourage and support knowledge transfer. Factors such as management support and performance-related rewards are necessary preconditions for knowledge sharing to occur on a fully voluntary and ongoing basis.[33]

In addition to being exposed to and offered the right culture, environment, and support systems, retirement-eligible baby boomers must be motivated to keep working and to transfer their knowledge to their younger colleagues. Basic psychology, especially behaviorist theory, tells us that an organization's policies, practices, and reward systems affect employees' behavior. While some policies provide incentives for engaging in certain behaviors, other policies provide disincentives for certain behaviors. For instance, a salary bonus plan could provide an incentive for an employee to achieve specified goals. On the other hand, a pension plan that ceases employer contributions at a certain age or has a maximum number of years of credited service may be a disincentive for employees to continue working beyond the point where pension benefits accrue. Consequently, HR leaders must conduct an objective and critical assessment of all of their organization's HR policies and practices to determine if they are helping or hindering the organization's efforts to retain older workers and to facilitate the transfer of knowledge among workers.

While not proposed as an exhaustive list, the following critical areas should form the basis of an initial HR plan of action for enhancing the retention of older workers and for facilitating the transfer of knowledge from these valued workers.

Demographic Inventory and Profile

Gathering information is critical to effective decision making. While it is essential to be aware of and understand the impact of broad demographic changes to the workforce, what those changes mean for one's particular organization must be made explicit. An important first step for doing this is to take an inventory of the organization's workforce. Based upon the ages, lengths of service, and provisions of the organization's pension plan, it is possible to calculate the number of workers who are eligible to retire now, as well the number who will be eligible each year until a target planning date, such as the next five years. Historic patterns are also important to assess. There may be a cultural expectation that employees retire at a certain age, or that provisions of the pension plan encourage or discourage workers from retiring at certain ages. With this information available, needed policy or cultural changes can be identified.

Knowledge Risk Profile

Closely related to retirement risk is knowledge loss risk. If critical older workers leave the organization, there is also the risk that the knowledge they possess will leave with them. It is especially important to identify critical jobs that are essential to the organization that are occupied by retirement-eligible incumbents.

Conducting such a knowledge risk assessment requires the active involvement of all managers throughout the organization. Managers should be tasked with the responsibility of identifying the at-risk positions, and then of developing a plan to identify a successor, of having an accelerated learning plan for the identified successor, and of facilitating the transfer of knowledge from the incumbent workers to successors. This emphasizes the overall institutional commitment to a knowledge transfer process.

Policy Assessment

An assessment must be made of the extent to which the organization's existing policies are affecting retirement patterns and knowledge transfer practices. Conceptually, organizational managers and HR professionals need to eliminate old thinking that assumes there is a specific timing for retirement that is predicated upon an employee's age or number of years of service. On the basis of their research, Dyctwald, Erickson, and Morison[34] concluded that the concept of retirement is outdated and should be replaced by a more flexible approach that benefits both employees who want to continue working and organizations that will retain the skills of workers well past the traditional age of retirement.

Adapting the work environment to the needs of older workers should require only an application or extension of many of the family friendly policies and practices that organizations adopted in the 1980s, such as job sharing, telecommuting, flex-time work, and part-time work. The organization, however, needs to be proactive in creating expectations among managers that older workers need to be provided with such opportunities and in convincing managers that older workers will be willing to continue working if given attractive opportunities to do so.

Cultural, as well as policy changes, will be necessary to transition organizations to a more enlightened and needed approach to retirement. *Phased retirement*, for instance, describes a wide range of formal policies and informal practices that foster employees' gradual transition to retirement rather than their abrupt separation from the organization.

Job and Career Redesign

Perhaps the most difficult strategy for retaining older workers and providing the environment for knowledge transfer is redesigning jobs and career paths. A common assumption among organizations is that older workers have the same motivations now as they did when they were younger. Again, however, older workers are not necessarily less motivated than when they were younger, but they are differently motivated. Accepting this reality leads to the realization that the content of jobs and the career path for older workers need to be modified, which will require a shift in a firmly embedded principle of HR.

A long-standing debate among HR researchers and practitioners has been whether we fit people to jobs or fit jobs to people. The nearly universal conclusion has been that people need to be fitted to jobs, as the jobs have been designed and evaluated. Many HR systems, from recruitment and compensation to performance evaluation, are firmly embedded in this paradigm. Yet if organizational managers and HR professionals are able to get beyond the philosophical and policy hurdles that this paradigm has given rise to, the possibilities for retaining older workers and facilitating knowledge transfer will be expanded greatly.

While many managers may resist changing the HR paradigm, the strongest resistance is likely to come from HR professionals. But by designing jobs to fit the unique needs and talents of older workers will benefit the individual and the organization. HR visionaries should take the lead in the development and implementation of what may best be referred to as *age-appropriate careers tracks*.

A principle component of the individualized approach to job design for older workers should be mentoring. Fostering relationships between knowledge holders and employees who can benefit from that knowledge will go a long way toward ensuring knowledge transfer.[35] It should not be surprising that mentoring and coaching are probably the most effective ways of transferring explicit and tacit work-related knowledge from one person to another because mentoring builds close personal relationships and creates a positive organizational culture.[36]

HR Competencies

Finally, but very importantly, it must be acknowledged that if organizational change efforts are going to be led by HR professionals, then the HR function itself must itself change. The reality is that many senior HR leaders themselves developed professionally during the era in which workforce demographics were quite different from what they are today, and those HR leaders were responsible for developing and administering many of the very policies and practices that must now be changed.

To continue helping their organizations meet the challenges of an aging workforce, senior HR leaders, and all HR professionals in the organization, must develop a new set of competencies, many of which are the complete opposite of their existing competencies. An appropriate example is that during the late 1980s and into the mid-1990s, an expected core competency for senior HR leaders in many organizations was the ability to find creative (and legal) means for ensuring the transition of older workers out of the organization. Contrast that competency with the new need to find creative means for retaining older workers.

A self-evident core competency for all HR professionals is having an awareness and understanding of demographic changes and how demographic issues such as the aging of the workforce dictates the development and implementation of effective HR policies and practices. If they lack such knowledge and perspective, both on a global basis and at the individual organization level, it will be difficult for HR professionals to confront these issues in a proactive way. Senior HR leaders need to ensure that this competency is prominent among all HR professionals in their organizations.

Cappelli[37] rightly criticized organizations for failing to develop HR competencies, especially in the areas of recruitment and retention. Organizations did not see the need for these competencies when they were downsizing and restructuring, so the recruitment function and retention strategies eroded. With greater pressure to retain workers and to hire externally, these competency areas will need to be enhanced.

Senior HR leaders are advised to assess the existing competencies of their HR staff to ensure that the needed competencies are rapidly developed. HR professionals must manifest the competencies needed to address the HR plan of action for retaining older workers. In some instances, it may even be necessary for HR talent to be hired by the organization, or for HR consultants be used strategically. Regardless of the steps required, it must be recognized that the HR function must develop its own competency base before it will be able to provide the needed leadership for addressing the challenges of retaining older workers and ensuring knowledge transfer among employees.

In summary, talent management is not a passing fad. It is a pressing and competitive priority for all organizations in this era of an aging workforce. An essential component of any talent management strategy is ensuring that valuable institutional and professional knowledge held by older workers is transferred, as appropriate, to the institutional knowledge base and to designated individuals. These challenges are clear and present, as lost knowledge is usually unrecoverable. Organizational and HR executives must demonstrate bold leadership in instituting policies, practices, and cultural changes to facilitate the smooth and comprehensive transfer of knowledge within their organizations.

Notes

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