

Chapter 2

Retention of Knowledge From “Baby Boomers” Prior to Leaving the Workforce

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ABSTRACT

This chapter will explore the strategies used by human resource managers to retain the tacit knowledge of “Baby Boomers” before they leave the workforce. With five generations working together in the workplace, organizational leaders need to support employee knowledge retention and knowledge sharing. Knowledge transfer from Baby Boomers to younger generations continues to be a challenge for organizational leaders, especially with the increase in Baby Boomers leaving the workforce. Knowledge retention is critical to an organization’s success due to knowledge being a valuable asset. The chapter will share findings from a qualitative inquiry that explored effective knowledge retention strategies used by some U.S. human resource managers to retain tacit knowledge from “Baby Boomers” before they left the workforce.

There is a trend of Baby Boomers leaving the workforce each year. According to a survey conducted by the Pew Research Center, the number of Baby Boomers who retired in 2020 increased by more than 3M in the third quarter (Rice, 2021). According to a Pew Research Center analysis of the labor force data, 50.3% of Baby Boomers have retired from the workforce since the third quarter of 2021 (Fry, 2021). By 2029, Baby Boomers who remain in the workforce will account for about 16.5 million people (Torpey, 2020). As more Baby Boomers leave the workforce, organizational leaders must retain their tacit knowledge. Tacit knowledge is a crucial source of sustainable competitive advantage and organizational growth (Dudek & Patalas-Maliszewska, 2016). Tacit knowledge makes up 85% of all organizational knowledge (Lin et al., 2016). Organizational leaders need to retain the tacit knowledge of Baby Boomers as they are nearing retirement age and have important knowledge to retain in the organization. In the United States,

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workers aged 55 and above increased from 13% in 2000 to 24% in 2019 (Li et al., 2021). Age diversity enhances the performance of organizations through human capital and creates a complete portfolio of knowledge, skills, abilities, and perspectives (Li et al., 2021). Organizational leaders face competition in their industry and must be aware of workers’ innovative capabilities to be competitive (Ganguly et al., 2019). Knowledge sharing contributes to competitive advantage, reduces cost, improves team performance, and fosters innovation (Ganguly et al., 2019). As organizational leaders understand the benefits of knowledge sharing in the workplace, rewards are gained when retaining the tacit knowledge of Baby Boomers before they leave the workforce.

As employees begin to leave the workforce, organizational leaders need to retain the knowledge of Baby Boomers to minimize the knowledge gap and ensure productivity. In the 2018 Longer Worker Careers Survey, the Willis Towers Watson group surveyed 143 large employers in the United States, and 53% of respondents believed they understand when their employees will retire (Sammer, 2020). However, only 25% of respondents have a strategy to manage the pace and timing of employee retirements (Sammer, 2020). Studies estimated that it costs Fortune 500 companies \$31.5B annually for lack of knowledge-sharing practices (Ali et al., 2019). Sharing and maintaining knowledge is critical as a resource so the organization can create and maintain a sustainable competitive advantage (Tran, 2019). Knowledge sharing turns personal knowledge into corporate knowledge that benefits the organization by keeping the knowledge internally (Ali et al., 2019).

BACKGROUND

As Baby Boomers leave the workforce, they take their immense tacit knowledge, problem-solving skills within the organization, and their understanding of company history (Sumbal et al., 2018). Research has shown that knowledge sharing reduces production costs, creates a faster process for new product development projects, increases team performance, has positive innovation capabilities, and increases organizational performance with sales growth from new products and services (Ganguly et al., 2019; Wang & Noe, 2010). In positions that are high in innovation, most work-related knowledge is tacit (Ganguly et al., 2019). Employees in these roles need to share knowledge to create a higher level of performance (Ganguly et al., 2019). Employee knowledge is crucial in building a competitive advantage in the market. Knowledge is a strategic resource enabling companies to gain a competitive advantage (Hau et al., 2016). However, not all knowledge serves as a sustainable competitive advantage, and having a formal process of sharing and retaining tacit knowledge in organizations is rare between employees (Hau et al., 2016). Organizational leaders must create a strategy to retain and motivate employees to share their tacit knowledge between Baby Boomers and other generations.

Prior to 2020, economic and social trend demographics showed a delay in Baby Boomers retiring (Burton et al., 2019). Delay in retirement was attributed to the improved health and poor financial situations of Baby Boomers (Burton et al., 2019). According to a study conducted by Pew Research Center, in the third quarter of 2020, about 28.6 million Baby Boomers left their jobs (Fry, 2020; Kelly, 2021). The study showed that the COVID-19 pandemic contributed to Baby Boomers leaving the workforce earlier than expected (Kelly, 2021). Older Baby Boomers want to retire but are unable to due to not having enough money to sustain them in retirement (Kelly, 2021). Millions of Baby Boomers retire each year from the workforce in the United States (Fry, 2020). The number of Baby Boomers retiring has

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