

# Age and Knowledge Management

**Ildikó Marosi Phd.**

Óbuda University, Károly Keleti Faculty of Business and Management

marosi.ildiko@kgk.uni-obuda.hu

*Abstract: the employment rate of older employees should rise again, and not only because of the ageing society or the slowly unbearable pension system. According to the old saying, "it's good to have an old man in the house," which means that old people possess knowledge and experience. This high level of social capital is to be consciously utilized in the future. Although the practice of age management, which deals specifically with the older generation, does exist within human resource management, it is not enough in itself. We can feel that the age group which is about to retire is not valued enough, and although they constitute the majority of our society, nobody tries to organize the transfer of their knowledge. If we want to see the knowledge they acquired handed over to the next generation, we need a change in attitude and the creation of a new organizational framework.*

*Keywords: employment, human capital, inter-generational knowledge transfer, age management*

## 1 Introduction

Regarding older people, the problems of the ageing society and the new regulation of the labor codes (guidelines and initiatives to raise pension age) create numerous new situations and tasks in human resource management (age management) and knowledge management alike. 2012 was the year of active ageing in the European Union, the aim of which was – besides calling attention to the demographic trends – to find solutions to maintaining an active and healthy life.

### 1.1 Labor Market Data

Based on the data summarized in Table 1, we can see that within the employable population, the people belonging to the age category of 50-69 (t2542 in 2012) constitute more than half the number of the population between 15 and 49 (t4808 in 2012). The population trends are obvious: on the one hand, there are less and less people under 50; on the other hand, the number of people over 50 is rising.

At the same time, there is a relevant 6-8% reduction in activity following the age of 50 compared to the activity and employment rates of the previous age group (35-49). The higher the age category, the more marked this drop becomes. Only approximately half of the people between 55 and 59 are present in the labor market in some form (rate of activity). The annual activity and employment rates are only 13-15% among the people between 60 and 64, and the labor market presence of the age group over 65 is not significant at all. [1]

Year	Designation	Age 15-24	Age 25-39	Age 35-49	Age 50-54	Age 55-59	Age 60-64	Age 65-69
2008	<b>Population (thousand)</b>	<b>1273</b>	<b>1604</b>	<b>1982</b>	<b>791</b>	<b>692</b>	<b>570</b>	<b>499</b>
	Activity Percentage (%)	24.6	78.8	83.4	74.7	48.9	13.0	4.8
	Employment Percentage (%)	20.0	72.4	77.8	69.9	46.2	13.0	4.7
2009	<b>Population (thousand)</b>	<b>1260</b>	<b>1594</b>	<b>1992</b>	<b>761</b>	<b>709</b>	<b>583</b>	<b>506</b>
	Activity Percentage (%)	24.1	78.3	83.5	75.3	52.1	13.6	4.8
	Employment Percentage (%)	18.1	70.0	76.2	69.5	48.5	13.2	4.7
2010	<b>Population (thousand)</b>	<b>1254</b>	<b>1552</b>	<b>2031</b>	<b>710</b>	<b>737</b>	<b>590</b>	<b>520</b>
	Activity Percentage (%)	24.3	78.5	84.3	76.6	51.7	13.5	4.9
	Employment Percentage (%)	18.3	68.9	76.1	69.6	54.1	13.0	4.9
2011	<b>Population (thousand)</b>	<b>1232</b>	<b>1507</b>	<b>2081</b>	<b>670</b>	<b>751</b>	<b>617</b>	<b>513</b>
	Activity Percentage (%)	23.7	78.6	84.6	77.6	59.8	15.0	5.1
	Employment Percentage (%)	18.3	69.9	76.2	70.5	54.1	14.2	5.1
2012	<b>Population (thousand)</b>	<b>1207</b>	<b>1468</b>	<b>2133</b>	<b>634</b>	<b>759</b>	<b>637</b>	<b>512</b>
	Activity Percentage (%)	24.6	79.7	85.8	81.0	61.1	14.8	5.5
	Employment Percentage (%)	18.6	70.0	75.7	73.8	56.1	13.9	5.3

Table 1  
 Activity and Employment Percentages in Different Age Categories, 2008-2012

Even on an international scale, we can see that more and more employees leave the labor market even before they reach retiring age [2]. All in all, approximately 46.3% of the people between 55 and 64 were employed in 2010 in the 27 EU member states. The same employment rate was only 34.4% in Hungary. We also fall behind in the employment of the younger generation (15-24): while the average employment rate in the EU was 34.1%, the same rate in Hungary was only 18.3%. [3]

The above tendency is likely to continue. These are the days when the people born in the so-called “Ratkó-age,” the period of “Baby boom” in the 50s, are retiring. In order to counter-balance the difficulties of financing the pension system, the

pension laws were changed in 2010 in a way which resulted in the increase of retiring age for the people born since 1952; currently, the retiring age of the people born in 1957 is 65 years. This mostly corresponds to the general European trend: there are some countries with an even higher retirement age (for example, 67 years in the case of Iceland, Norway, Sweden, Spain and Poland). There are easily recognisable trends to further raise retirement age (70-71 years) in England, Denmark, Germany and the Czech Republic. [4]

Whatever age we designate for retirement, the point is to keep employees in the labor market. *The problem of keeping people in the labor market is closely linked to the transfer and maintenance of the precious knowledge and experience carried by the older generation* because we believe that a lot of knowledge and experience will be wasted if not enough attention is paid to the gradual release of this group of employees. This is particularly true in cases when the members of the “Baby Boom” generation leave as key figures or people of high management positions. [5]

## 1.2. The Higher Knowledge Capital of the Elderly

The higher level of social capital gained from older people with more working experience justifies the need to keep these people in the labor market. Higher social capital is due to

- Higher level of professional competence, unspoken knowledge, the ability to cooperate,
- More developed organizational and functional knowledge,
- Extended clientele and connection network, and, finally,
- The fact that they understand the changes in the operative system better. [6]

Higher social capital is a great incentive to continue employing these people, all the while paying attention to retaining their learning capabilities, passing their knowledge to the next generation as well as cooperation between them and other age groups.

Retaining and developing their skills can be implemented through training, which firms interpret as investment in human capital. The result of these investments into human capital is widely known to appear in the form of better performance. When returns are considered during the investment, investment in the older generation results in a shorter return time period; the human capital loses some of its value this way, which is clearly linked to the end of their labor relation. A simple counter-measure could be if learning besides or during work were more effective than the rate of value reduction, which is another reason for investing in elderly employee human capital. [2]

Within human resource management, age management is responsible for describing and practicing tasks concerning the ageing generation. The professional literature differentiates between 8 dimensions which, while taking into consideration all age-related characteristics, concentrate on the major areas of proper human resource management practices:

- recruitment,
- studying, training, life-long learning,
- career management,
- flexible employment,
- health protection, forming working conditions,
- changing positions,
- layoff and retirement,
- comprehensive approach. [7]

We can see that the professional literature of human resource management is interested in the older generation, mostly in terms of keeping them in the labor market, improving on their employment rates and keeping their knowledge up to date. However – in my opinion – older employees appear in these processes as *subjects* and not as active *participants*.

At a typical workplace, we can usually find colleagues from different age categories. In order to realize the three tasks mentioned earlier – employability, knowledge transfer between generations and effective cooperation – we need to know the value and study characteristics of the generations in question. For a successful execution, we also need a unified and integrated view and practice.

## 2 Knowledge Transfer

### 2.1 Transferring Knowledge to the Next Generation

People of different ages are at different walks of life. If we have a look at the walks of life linked to a certain age, we can see an opposing need arisen: young people need to learn and old people need to teach. The novelty and task within knowledge management is that *age groups with different interests, needs and considerations should meet in the process of knowledge transfer*.

Interestingly, of all the human resource management functions, it is teaching and the passing of accumulated experience that appears within career management among the features of the older generation. However, the same factors do not appear in the human resource management *system*, even though *older employees could be involved in company trainings – as active participants*. They could also be involved in *successor planning, talent management, introducing new employees, trainings and presenting the best available practices*.

Age	Walk of Life	Main Features
16-18	Basic career decisions	Focusing interests towards studying, finding employment or entrepreneurship.
18-24	Career preparation	In case of studying, acquisition of the necessary professional basic knowledge, building personal connections.
24-30	Initial career	Learning to work.
30-38	Career building, blossoming	Acquiring real, independent tasks/management positions.
38-45	Career peak	Acknowledgement, success within the profession, the responsibility of supporting a family; it is still easy to change career.
45-55	Retaining, maintenance	Less changes in workplace, the aim is to maintain the present situation. Teaching, passing the accumulated experience.
55-65	Pre-retirement age	Preparing for the resting period.

Table 2  
Periods and Features of Individual Walks of Life [8]

The difficulty of transferring knowledge between generations is further enhanced because different generations have different values and learning motivations, and, consequently, they also require different teaching and feedback methods. In lack of time, we are not going to describe the traditional generation (born before 1946). However, the generation of the “Baby Boom” – people born after the war – and the “Millennium”<sup>1</sup> generation (people born before the new millennium, between 1983 and 1993) are particularly interesting for our topic.

Regarding the motivation to learn, the Baby Boom generation is characterized by public and peer recognition and the importance of trainings suited to the needs of the individual. On the other hand, the Millennium generation is motivated primarily by the utilization of network opportunities, structured tasks with a tight deadline and trainings resulting in quick success. [9]

As for learning methods, the Baby Boom generation is used to workshops and personal trainings as well as trainings in small groups. At the same time, the Millanium group prefers e-learning, wiki, blogs as well as mobile and other technologies during knowledge transfer. [9]

Baby Boomers live for their work, and they often place personal life behind professional goals. [5] They are hard-working, loyal and committed to their company. [10] The children of the Millennium generation are more charaterized by openness, practical and ambitious thinking and confidence.

If the different age categories are characterized by such different values and habits, we also have to pay attention to ensuring that the various generations

---

<sup>1</sup> Generation Y, Echo-Boomers, Net Generation or Dotcoms are all eligible names

understand and, to a certain degree, adapt to, the habits and needs of the other generation. In order to do so, however, they must know the other side so they could learn from each other. An opposite example is when the baby boomers are reluctant to teach their younger colleagues: they want to get over with the procedure as quickly as possible. At other times, knowledge transfer is hindered by the fact that the older people “paternalize” over colleagues from the Millennium generation [11].

## 2.2 Inter-Generational Knowledge Transfer

Obviously, in a really simplified model, knowledge transfer requires a sender (“teacher”) and a receiver (“learner”). This system implies that knowledge can be transferred and it appears in the right place in a form the receiver understands and is able to use. Knowledge manifestation, content and means of transfer can be versatile according to the type of knowledge [12].

Type of Knowledge	Manifestation or Content of Knowledge	Means of Transfer
Explicit	Written down, documented	Documents, interviews, training
Implicit rule-based	Technical rules guiding the work	Can be written down when needed, easily taken up in conversation.
Implicit know-how	Related to the changing situations of work	Taken up in conversation when the context is relevant or when asking the right questions.
Tacit know-how	Related to carrying out the job, learnt by doing	Observing and doing the work
Deep tacit	Related to organisational practices, learnt in socialisation	Observing and doing the work

Figure 1  
 Types of Knowledge and Means of Transfer between Generations

Researchers of this area mostly agree that the majority of knowledge (an estimated 70%) is tacit in nature. Turning tacit knowledge into organizational one may involve the following business risks [13]:

- *Knowledge gap* is created if knowledge is not acquired quickly enough. As a result, acquiring knowledge costs more, the company loses efficiency, there are delays in innovation etc.
- *Knowledge loss* means the organizational knowledge is partially lost. The consequences include less product, decrease in quality, market losses etc.
- *Knowledge crash* occurs when a company loses its strategic capabilities.

*Integrating the problem of knowledge crash into the general framework of knowledge management* (more precisely, the risk management of knowledge

crash) gives the new dimension of the problem of knowledge transfer between generations. Knowledge transfer between generations suggests that

- organizations possess organizational knowledge as a specific sub-system,
- organizational knowledge is a complex system,
- knowledge transfer is a binary communal process depending on the learning environment.

An inter-generational knowledge transfer which is based on these conditions can be divided into three stages:

- *strategic analysis of knowledge capital*, by using e. g. cognitive map and critical knowledge factors,
- *capitalization of knowledge capital* by structuring tacit knowledge into organizational knowledge (externalization), by way of e. g. knowledge model (graphic model), task model, pursuit model etc.,
- *transfer of knowledge capital*, the two-component process which is influenced by the goals, content and the (technical, social, organizational, cultural etc.) environment.

The Bencsik – Sólyom author couple [14] examines the knowledge transfer processes of those co-workers leaving the organization in a practical time dimension, which we relate to people about to retire. As they put it, “we must prepare in the past to ensure that passing and receiving knowledge is done in the most efficient way; during the process, the new employees receive knowledge which has to be managed in the future, together with the knowledge they already possess.” Based on the authors, we present Table 2, which summarizes those factors of tacit knowledge, time and the participants (individuals and organizations) which are relevant in knowledge transfer.

<b>Time Dimension</b>	<b>Participant</b>	<b>Organizational Features</b>	<b>Knowledge Foundation</b>	<b>Means of Sharing Knowledge</b>
Future	Receiver, leader	Innovation	Use and anchoring in organizational memory, development	Retaining and using knowledge (best practice)
Present	Receiver, leader, exit person	Transfer process, tools (soft factors)	Transfer, sharing	Sharing knowledge (master-apprentice, mentoring, storytelling, interview)
Past	Leader, exit person	Motivation, preparation	Identification, preparation, documentation	Identifying knowledge (knowledge map, mind mapping)

Table 3  
 Tacit Knowledge Sharing Pyramid

The question is given: what kind of knowledge does the older generation possess which it is not only advantageous but also advisable to pass on? Obviously, we are talking about a set of knowledge, skills and experience which includes the following [15]:

- technological knowledge,
- knowledge of business processes and the organizational system (quality, irregularities, business planning, market knowledge, consumer connections, key industry figures and sources),
- tacit knowledge concerning the organizational culture, policies and norms,
- experience and professional knowledge,
- organizational memory elements like the past formation of the current organizational form and decision making as well as
- all the specific knowledge which is no longer taught in schools.

Unfortunately, the work experience of the elderly has clearly been devalued in our society – that is, on a macro-level. Dobossy and his co-workers found in 1982 in their relevant researches that 28% of the interviewed adult population did not agree with the statement that “the work of older people is worth more than the work of younger people because of their experience.” The number of people refusing this statement rose to 45% in 2001. [16]



The above statement is shown by the fact that firms are less and less willing to utilize the tools which could enable the transfer of the knowledge of the old to their co-workers or could ensure knowledge maintenance on an organizational level. Examples include conscious retirement planning a few years ahead to address the workforce, creating heterogenous (mixed age categories) work groups, considering rehiring selected retirees or slowing down the exit of retiring aged people from the workplace.

There are excellent examples of the latter in Northern European countries, where an employee works in part-time before their final retirement. This way, they not only have time to pass their knowledge to their successors, but also to say goodbye to their organization and prepare for life as a pensioner; the positive experience gained this way also encourages knowledge transfer.

According to the new Labor Codes, those people about to reach retirement age would receive so-called protection. Based on this, employers who have not yet reached retirement age receive protection for five years before their individually specified retirement age – providing they have a job contract for an undetermined time – that is, the employer can only lay them off under certain conditions.

I believe these five years would be enough to identify, share and retain the knowledge of pension-age colleagues by applying different knowledge management tools as well as to avoid possible organizational risks.

## **Conclusions**

Statistical data clearly shows the reality of an ageing society as well as the fact that the elderly participate proportionately less and less in the labor market as they get older. The situation is further aggravated by the fact that numerous employees leave the world of work before reaching retirement age with the intention of not returning. This is particularly true of those over 60, the people belonging to the “Baby Boom” generation. Several areas of human resource management pay special attention to hiring and providing even more employment to these people, but this is not enough. When these people leave their organizations, they also take considerable knowledge, skills and experience with them, which their employers seem to ignore.

In order to ensure effective and efficient knowledge transfer processes between co-workers from different generations, we have to realize the different characteristics of employees in separate age categories. The manifestation and content of knowledge differs wildly in individuals and organizations alike, depending on the type of knowledge available (implicit-tacit). There are several business risks in forming knowledge into organizational knowledge (or, rather, failing to form it or forming it in an inappropriate way): these risks include knowledge gap, knowledge loss and knowledge crash. The latter especially lays down the foundation for an inter-generational knowledge transfer dimension, utilizing the possibilities of the protected age as defined by the Labor Codes.

## References

- [1] Central Statistical Agency (Központi Statisztikai Hivatal) data [www.ksh.hu](http://www.ksh.hu)
- [2] Alders, P. ( ): *Human Capital and Retirement*. Erasmus University, Tinbergen Institute, Rotterdam, Netherlands
- [3] [www.eurostat.com](http://www.eurostat.com)
- [4] EU in search of retirement age formula.  
<http://www.euractiv.com/socialeurope/eu-search-retirement-age-formula-news-510897>, 2013.04.22.
- [5] McKay, H. (1997): *Generations: Baby Boomers, Their Parents & Their Children*. Pan Macmillan: Sydney
- [6] Ilmarinen, J. (n.a.): *Ensuring Active Old Age at the Workplace (Az aktív idősokor előmozdítása a munkahelyen)*.  
<http://www.respectautravail.be/hu/publications/articles/promoting-active-ageing-in-the-workplace>, 2013.04.01.
- [7] Naegele, G. – Walker, A. (2006): *A Guide to Good Practice in Age Management*. European Foundation for the Improvement of Living and Working Conditions,  
<http://www.eurofound.europa.eu/pubdocs/2005/137/en/1/ef05137en.pdf>, 2013.04.01.
- [8] Pintér, Zs. (2002): *How to Make Career? (Hogyan csináljunk karriert?)* Horton International Hungary Kft., ISBN 963-7978-60-7
- [9] Defense Centers of Excellence (n.a.): *Generational Learning Styles*.
- [10] Sheahan, P. (2005): *Generation Y: Thriving and Surviving with Generation Y at Work*. Hardie Grant Books: Prahran, Vic.
- [11] Howard, Z. (2008): *Life in the Baby Boomer Library World: a Survival Guide*. Australian Library and Information Association Biennial Conference, 5-6 December 2008, CQ Function, Melbourne, VIC, Australia
- [12] Virta, M. (2011): *Knowledge Sharing Between Generations in an Organisation – Retention of the Old or Building the New?* Acta Universitatis Lappeenrantaensis 425, Lappeenranta University of Technology, Finland ISBN 9789522650603
- [13] Ermine, J-L. (2010): *Knowledge Crash and Knowledge Management*. in: International Journal of Knowledge and Systems Science, Vol. 1, 4, pp. 79-95
- [14] Bencsik, A. - Sólyom, A. (2012): *Coming, Going or Staying? The Possibility of Retaining Tacit Knowledge in an Organization (Jön, megy vagy marad? avagy a tacit tudás megőrzésének lehetősége a szervezetben)* In: Munkaügyi Szemle 2012. 3. szám pp. 21-32. ISSN: 0541-3559

- [15] Carmel, J. (2010): *Reattuning the Knowledge of Older Experts in an Organisational Context and the Role of ICT*. Thesis. Victoria University of Wellington
- [16] Monostori, J. (2009): *Getting Old (Öregedés)*. In: Demográfiai portré 2009.

**MEB 2013 – 11<sup>th</sup> International Conference on Management, Enterprise and Benchmarking**  
31 May - 1 June, 2013 • Budapest, Hungary