



Taleo Research White Paper

Tapping into the Older Worker Talent Pool

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Executive Summary

The population of the UK is ageing and simultaneously there is a shortage of talent in many sectors. The opportunity exists for UK organisations to create a competitive advantage by exploiting the expanding pool of 'grey' talent. Not only is this a sound business strategy but it is also a regulatory imperative due to the UK Age Regulations introduced in October 2006.

This paper discusses practical strategies for organisations to recruit older talent into their workforce. Central to these strategies are the philosophy of skills-based recruiting and the use of e-recruitment technology to promote wide access to job roles and implement a compliant, skills-based recruiting process.

The Changing Demographics of Work

Many business leaders and most HR professionals in the UK now realise that there is a fundamental shift occurring in the age distribution of the working population. As the baby boomer generation moves towards retirement there are insufficient younger workers to take their place, let alone satisfy the requirements of a growing economy for more labour and different skills. The consequences of these trends are already apparent in the workplace today, manifested in the:

- increasingly competitive battle to recruit individuals in possession of scarce skills,
- focus on developing and retaining key employees, and
- increasingly international dimension to recruitment and internal mobility strategies.

These trends are not temporary issues which will naturally rebalance in a few years but a long-term demographic transition:

In 2020 there will be 3 million more over 50s and 1 million fewer under 50s (Office of National Statistics projections).

The median age of the UK population will rise from 38 years in 2001 to 44 years in 2051.

By the same date the percentage of the population between the ages of 16 and 44 will fall from 41 percent to 34 percent.

Projected population, age distribution United Kingdom, 2001-2051						
	2001	2011	2021	2031	2041	2051
0-15	20	18	18	17	17	17
16-29	18	18	17	16	16	16
30-44	23	20	19	19	18	18
45-59	19	21	21	18	19	18
60-74	13	15	17	19	17	17
75+	7	8	9	11	13	14
Median Age	38	41	42	43	44	44
Number (000s)	59,954	61,773	63,642	64,768	64,781	64,089

Source: http://www.statistics.gov.uk/articles/population_trends/polresponses_pt103.pdf

As the population ages, the pressure on traditional sources of talent intensifies. The results of a study by Manpower in February 2006 identified the following jobs as being the most challenging to fulfil.

Top ten jobs that employers are having difficulty filling in the UK

1. Sales Representative
 2. Administrative Assistants & PAs
 3. Skilled Trades (primary fitter, plumber, joiner)
 4. Engineers
 5. Drivers
 6. Chefs/Cooks
 7. Restaurants and Hotel Staff
 8. Accountants
 9. Cleaner/Cleaning/Domestic staff
 10. Management /Executives
-

It is clear then that organisations of all shapes and sizes will have to adjust to a world of fewer younger workers in the UK. Deriving a competitive advantage from talent management will in part be determined by how well an organisation can shape its policies, processes, and culture to adapt to this demographic landscape. The myopic preference to focus on a narrow age range when recruiting and developing employees must change in order not to limit unnecessarily the talent pool available to the organisation and create a disadvantage in the marketplace.

The Age Opportunity

UK business has started to respond to the changes. There are 1.3 million more people over 50 in work than 10 years ago. But the evidence suggests that there is an opportunity waiting to be seized.

There are 3 million people in their 50s and 60s who are not working, and indications that at least half of these would like to be working. In some parts of the country nearly 50 percent of men over 50 are not in work.

Contrary to widespread belief, older workers cost less, not more, than younger workers (Annual

Survey of Hours and Earnings 2006). On the basis that average productivity does not fall at least before the mid 60s, it makes business sense to use their skills and experience.

The feedback from companies that have increased their percentage of employees over 50 is highly positive, for example ASDA, Nationwide, and many others. A European Commission report (The Business Case for Diversity, Good Practices in the Work Place, Sept 2005) also concludes "A diverse workforce helps companies to more easily accommodate the demands of their diverse customer base, improving customer service."

However, there remain common misconceptions about older workers:

- Although a BUPA Survey in September 2006 said that half of HR managers thought that sickness was a big risk amongst older workers, sickness absence is highest in the 16-24 age range (Labour Market Trends).
- Although people over age 40 did not play with PCs as children, studies show that mature employees can master the same information as their younger colleagues, and apply this knowledge equally well. In some cases, mature employees can actually get extra mileage by applying new information more effectively because of their experience. (http://www.vacancycentre.com/resources_articles_other-topics_10.asp)

Despite the evidence there are still major barriers. Surveys by the Chartered Institute of Personnel Development, Chartered Institute of Marketing, National Opinion Polls, and various universities have shown age discrimination to be the most widely experienced barrier in the workplace. Once out of work, a person over 50 stays out of work longer because of those barriers.

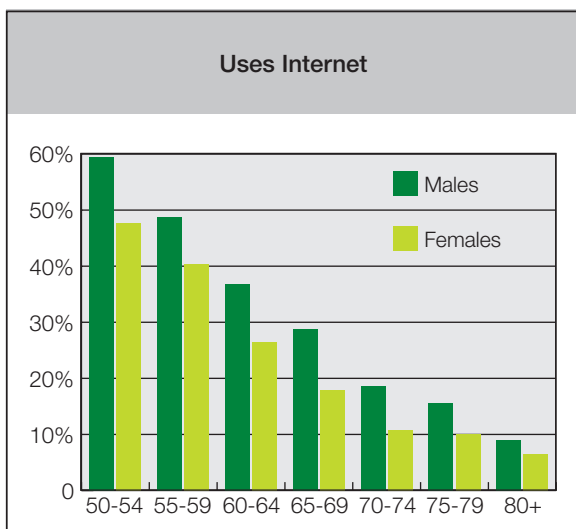
Therefore there is a clear opportunity for organisations to mitigate the shortfall in talent by focusing time and resources on recruiting and developing older workers, and create a higher quality workforce than their competitors.

Another compelling factor is the UK Age Regulations which came into effect on October 1, 2006. These make age discrimination—including basing recruitment selection decisions on age—unlawful in the UK. If organisations follow the suggestions in this paper then the Regulations will present fewer problems. There is a significant organisational benefit to rebalancing recruitment practices for older workers over and above the fact it is now a legal requirement.

Exploiting the Opportunity

What then are the best strategies to tap into this valuable and desirable talent pool?

1. Consider where you are advertising your job opportunities. The very medium or channel being used might prevent older candidates from being aware of the opportunity. Given the rise in Internet usage by older candidates, one of the most effective ways to reach a large audience of older candidates is on the Internet. Well over half of all 50-54 year olds use the Internet, and more than one third of 60-64 year old men are online. The perception that the Internet is a medium just for the young is certainly no longer true. There are also some recruiters who specialise in older candidates.



Source: English Longitudinal Study of Ageing, University College London (http://www.statistics.gov.uk/downloads/theme_compendia/foop05/8_02.xls)

2. Word your job opportunities carefully.

Without realising it, employers often write job advertisements with coded language that warns off some groups of people. Adverts should focus on the nature of the job and the skills required. Job descriptions can seek enthusiastic and dynamic people, but they can be enthusiastic and dynamic at any age.

3. Capture candidate data on compliant, electronic application forms. Traditional application forms usually ask applicants to give their date of birth and a detailed record of previous employment and academic achievements. Whilst it is important to capture date of birth information for audit purposes—order to analyse the progress of candidates through the selection process based on their age—it is important to make very clear to the candidate that this is the only reason for capturing this data, and that your selection process is in full compliance with the UK Age Regulations.

4. Drive the selection process based on skills.

The good practice of analysing the role to define the skills and capabilities required becomes essential. Drive your selection process off these skills and capabilities, rather than career history. This method is the basis of a truly unbiased selection process which will gain the confidence of older candidates, and reduce the risk of unconscious bias in short listing procedures. Although it has typically required more effort from hiring managers to define roles in this way, the increasing deployment of competency models developed by HR functions make this task more easily accomplished and also results in a better candidate match.

5. Consider reskilling or upskilling new or existing employees. At present training opportunities offered by both employers and Government training programmes decline sharply with age. Yet qualifications learnt many years ago in youth may no longer be relevant. Exploit the potential to train people in mid career into new positions.

The Role of Technology in Skills Based Recruiting

There are both explicit business drivers and the regulatory need for organisations to implement policies and processes to take advantage of the expanding pool of mature talent in the UK. Internet-enabled technologies that provide an automated, skills-based platform play a key role in effectively implementing this approach. This extends far beyond simply attracting older candidates to apply for jobs over the Internet, important though that is.

In skills-based recruiting, the recruiter is driving the process to get sufficient information to assess the match between the candidate's skills and the requirements of the position. Traditional CV-based recruiting is often haphazard, inconsistent, and very slow because it relies on the recruiter making manual comparisons between a CV and a job description expressed in a different format. That inadequate and inefficient process can ultimately result in bad decision-making, and provides no controls over age discrimination within the process.

E-recruitment systems can be used to structure the capture of candidate data through online application forms and pre-screening questions. These systems then automate the process of matching the candidate's skills to the role and creating a short list. Automating the pre-screening process in this way allows certainty that short list decisions are based solely on skills and contain no inherent bias.

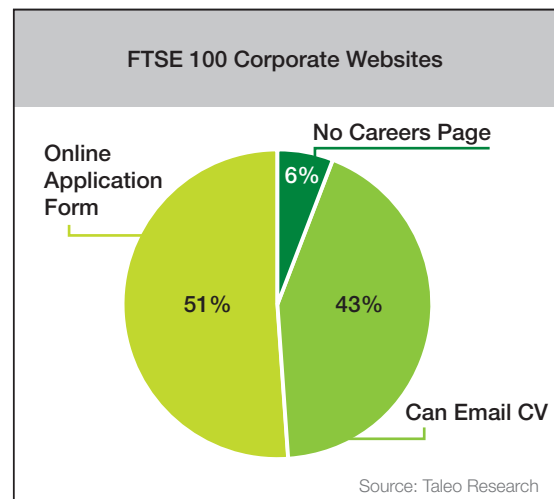
E-recruitment systems, such as those provided by Taleo, can also ensure that age related data is captured for audit purposes, but not visible to the recruiter and hiring manager when making selection decisions.

Moreover, significant amounts of time can be saved on each job requisition, allowing the recruiter to focus time and attention on the more promising candidates. The short-list creation activities in the recruiting process are streamlined and the opportunity cost of an open position is diminished.

With a systematic approach enabled by e-recruitment technology, automated pre-screening fosters a better match between the corporate demand for talent and the candidate supply, improving the quality of hire and providing strategic value to the corporation.

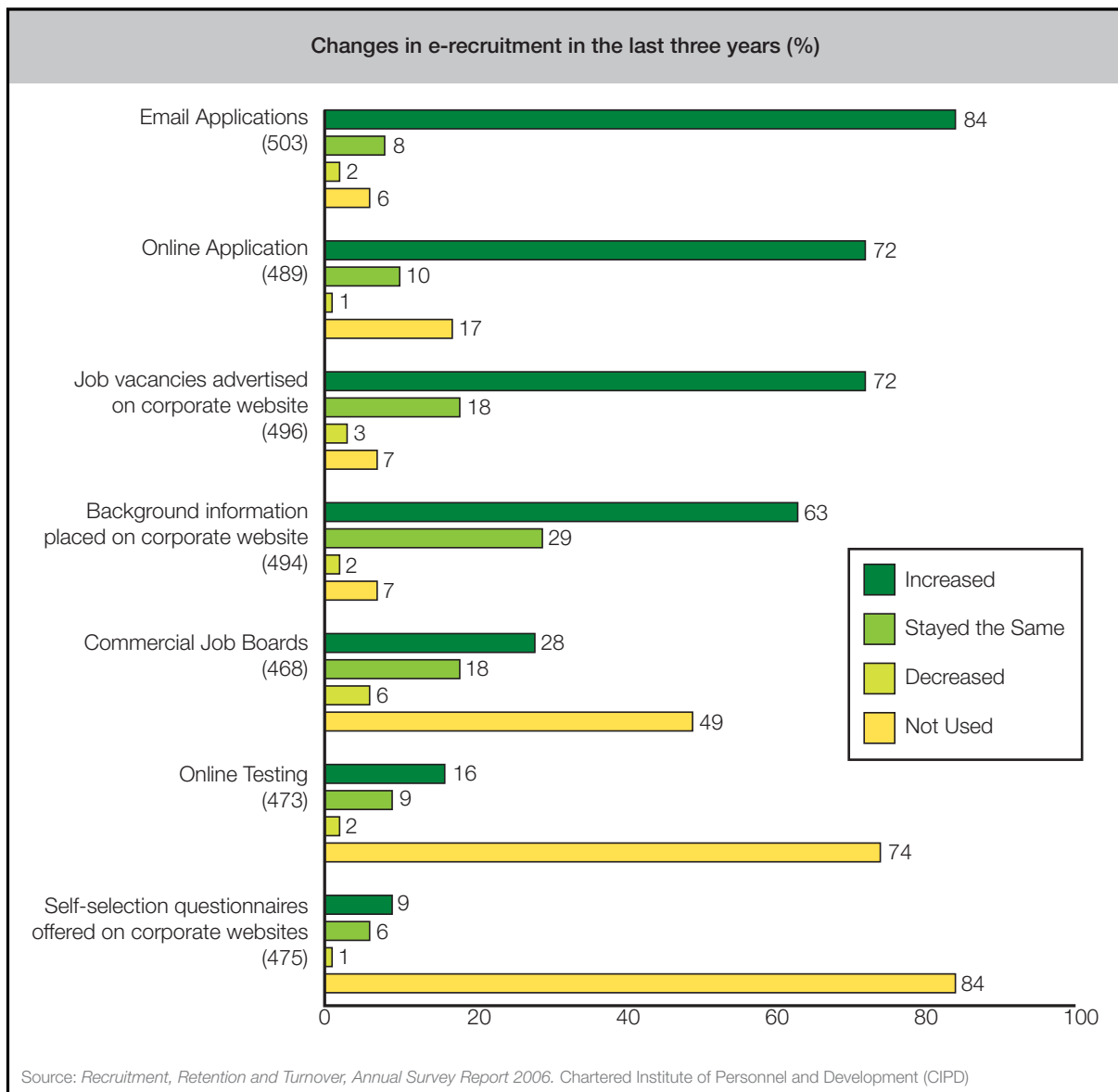
Room for Improvement

A recent [study of the FTSE 100](#) by Taleo Research shows that UK organisations lag significantly in embracing these practices. Only 51 percent of the FTSE captured structured candidate data through an online form. The remaining 49 percent either had no careers site at all or provided only the capability to email a CV online, which negates the opportunity to automate their pre-screening processes.¹



¹ Careers Site Recruiting in the FTSE 100 Companies: A Missed Opportunity, Taleo Research

This missed opportunity is confirmed by the CIPD 2006 *Recruitment, Retention and Turnover, Annual Survey Report* which found more than eight in ten respondents making use of e-recruitment do not offer self-selection questionnaires via their website (84%) and almost three-quarters prefer not to use online testing (74%).



Taking Action

In summary, the business and regulatory drivers for implementing policies, practices, and the necessary enabling systems for recruiting older workers based on the match between their skills and the requirements of the role are powerful.

Here is a checklist of action items that Taleo Research, in association with TAEN, recommends when planning strategy in this area.

10 Steps for Recruiting Older Workers

1. Define and describe your job roles in terms of skills.
2. Promote all job roles on the Internet through your careers section to ensure broad visibility of opportunities.
3. Review the wording in job descriptions to avoid using length of service or terms that could prevent older candidates from applying.
4. Use e-recruitment systems to automatically match candidates to roles based on skills.
5. Capture date of birth information at the start of the application process but make it clear that this is for audit purposes only.
6. Promote your organisation's compliance with UK Age Regulations to build confidence in older candidates.
7. Monitor your recruitment process to check for age bias.
8. Train recruiters and hiring managers to avoid discrimination based on age.
9. Avoid asking age-related questions when interviewing.
10. Promote age diversity within the organisation as a competitive advantage.

Source: Taleo Research, TAEN

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ABOUT TALEO

Leading organizations worldwide use Taleo on demand talent management solutions to assess, acquire, develop, and align their workforce for improved business performance.

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