Monthly Labor Review
April 2017

Is there age discrimination in hiring?

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Age discrimination has long been a part of the landscape of the U.S. workplace, with countless studies examining the problem over the decades. In "Age discrimination and hiring of older workers" (Federal Reserve Bank of San Francisco *Economic Letter*, no. 2017-06, February 27, 2017), David Neumark, Ian Burn, and Patrick Button add to the literature on the subject. Their work confirms what many studies have found: age discrimination in the workplace exists, and it is worse for older women than older men. Neumark, Burn, and Button's research, however, stands out in that its scope is especially comprehensive, covering more than 40,000 job applicants for more than 13,000 job positions in 12 cities spread across 11 states.

The authors begin the discussion by stating this fact: the aging of the U.S. population, together with the lower labor force participation rate of older people (those 65 years and older) compared with that of their younger counterparts (ages 25 to 64 years), is inevitably leading to a sharp rise in the dependency ratio, the ratio of nonworkers to workers in the U.S. population. In other words, fewer and fewer workers will be available to support more and more nonworkers. To remedy this situation, policymakers have attempted to boost the labor supply of older workers. Policies aimed at doing that have centered around reforming the Social Security program: reducing benefits for those who retire as early as age 62 or at any time before reaching full retirement age; increasing the full-retirement age; and taxing Social Security benefits at a lower rate, for both those who continue working while receiving benefits and those who retire and receive benefits (a double-edged sword in that, at the same time that it will induce some older workers to keep working, it will encourage others to retire and receive the lower taxed benefits). But age discrimination in hiring has the potential to thwart all these reforms.

To learn how pervasive this age discrimination is, Neumark, Burn, and Button conducted a "correspondence study"—a study in which they created job applicant profiles that they sent in response to advertisements for positions. They then measured the number of callbacks each age group of otherwise identical "applicants" received for a subsequent interview. Positions applied for were administrative assistant and secretary (female applicants), janitor and security guard (male applicants), and retail sales (both genders). Their results confirmed existing research findings.

First, the authors found that, across all the applications, the callback rate for interviews was uniformly lower for older applicants—a finding that they describe as "consistent with age discrimination in hiring." With regard to specific job positions and specific genders, older (64 to 66 years) female applicants for administrative assistant jobs had a 47-percent lower callback rate than young (29 to 31 years) female applicants and older female applicants for sales jobs had a 36-percent lower callback rate than young female applicants, with the gap being statistically significant in both cases. Similarly, for male applicants for security and janitor jobs, the callback rates for older men were lower than those for young men, but the pattern was "not as consistent or pronounced" as that for the women applying for administrative assistant and sales jobs, and in some cases the gap between young and

old was not statistically significant. In the one case in which a direct comparison could be made—sales positions—the 30-percent gap in the callback rates between young and older men was statistically significant, but was still smaller than the 36-percent gap in the rates for young and older women.

In sum, three findings stand out in the study reported in this article. First, the sample of more than 40,000 job applicant profiles offers statistical evidence that there is age discrimination in hiring—discrimination against both women and men. Second, older applicants—those 64 to 66 years of age—experience more age discrimination than middle-age applicants ages 49 to 51. Third, women—especially older women, but even those of middle age—experience more age discrimination in hiring than men do. Although the study did not look at *why* older women experience the worst degree of age discrimination, the authors suggest that it may be because appearance matters in the low-skilled administrative and sales jobs that they chose to examine and physical appearance is "evaluated more harshly for women than for men."