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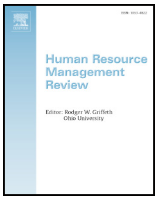

Age discrimination: Potential for adverse impact and differential prediction related to age☆

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ABSTRACT

The proportion of workers in their 50s, 60s, and 70s is larger than ever before. Current workforce trends indicate global increases in retirement ages and that many individuals are working until later ages than in decades past, and older people are applying for jobs and at later ages. Research to date on age discrimination in selection has focused primarily on disparate treatment or intentional discrimination. However, based on accumulated knowledge about age-related changes in cognitive and physical abilities as well as changes in personality and work motivation across the life course, we suggest that more attention be paid to the possibility of age-based subgroup differences on selection procedures, manifested as adverse impact and differential prediction. We provide recommendations to guide future human resource management research and practice.

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The demographics of the workforce have been shifting, and now the workforce includes a larger number of older workers than ever before. The proportion of workers age 55 or older has increased by 60.8% between 2000 and 2010 and is also projected to increase by 26% between 2012 and 2022 (U.S. Bureau of Labor Statistics, 2013). Furthermore, people are working longer, meaning that they are remaining in the workforce until later ages (Fisher, Chaffee, & Sonnega, 2016; Munnell, 2015; Quinn, Cahill, & Giandrea, 2011; Wheaton & Crimmins, 2013), which calls for ways to support active and successful aging at work (Kooij, 2015; Zacher, 2015). The aging of the Baby Boomer generation, increased longevity, a lack of a mandatory retirement age for most occupations in the U.S., changes to economic policies that have increased the age of eligibility for government retirement benefits in the U.S. (Social Security) and in some European countries (e.g., Germany, Italy), and changes to employer-provided pension policies. This in turn has led to increases in retirement age and the size of the aging workforce in industrialized countries (Wheaton & Crimmins, 2013; Fisher et al., 2016).

1. Workplace age diversity and HRM

The increase in the number of older workers in the workforce and the recent trend toward increasing retirement age highlight multiple reasons why there is a need to consider age in relation to human resource management research and practice (Truxillo,

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Table 1
2014 U.S. civilian labor force, employed, by gender in 2014.

Age	Men		Women		Total	
	N	%	N	%	N	%
<20	2,222	2.86%	2,326	3.39%	4,548	3.11%
20–29	15,674	20.17%	14,089	20.53%	29,763	20.34%
30–39	17,037	21.93%	14,214	20.72%	31,251	21.36%
40–49	16,911	21.77%	14,801	21.57%	31,712	21.68%
50–59	16,246	20.91%	14,935	21.77%	31,181	21.31%
60–69	7,671	9.87%	6,755	9.85%	14,426	9.86%
70+	1,932	2.49%	1,493	2.18%	3,425	2.34%
Total	77,693	100%	68,613	100%	146,306	100%

Note: Numbers indicate number of people in thousands.

Cadiz, & Rineer, 2014). First, although the legal focus in the U.S. has been on workers age 40 and over, a significant proportion of people are working well into their 60s and 70s (see Table 1; U.S Bureau of Labor Statistics, 2014). Second, there are changes in work and career patterns such that workers are much less likely to remain with a single employer throughout their careers compared to previous generations (Wang, Olson, & Shultz, 2012). The retirement process has evolved such that the prevalence of bridge employment (Cahill, Giandrea, & Quinn, 2015; Wang & Shultz, 2010) and “unretirement” (Maestas, 2010) has risen considerably in recent years. Bridge employment occurs when individuals continue working for pay after they retire from a career job (Beehr & Bennett, 2015). Unretirement occurs when a person retires from a job and exits the labor force, only to return later (due to economic, social, or psychological reasons; Fisher, Ryan, & Sonnega, 2015; Maestas, 2010). The implication of these changing workforce demographics and career patterns is that people may participate in or be affected by HR practices (e.g., selection, training, performance appraisal) throughout their lifetimes – not only upon initial entry into the workforce or promotion later during their career, but also, as we focus on in this article, when they apply for new jobs throughout their work lives, whether as external candidates or for promotion.

In this paper we highlight the importance of considering different forms of age discrimination in hiring and promotion as a human resource management (HRM) issue. Although most past research on age discrimination has focused on disparate treatment (e.g., Finkelstein, Burke, & Raju, 1995), we also point out the possibility for age-related adverse impact (disparate impact) and differential prediction on selection procedures for different age groups. We treat the terms *disparate impact* and *adverse impact* as synonymous in this paper, though disparate impact is the more commonly used term in the legal context. We contribute to the literature by illustrating why there may be measurement bias and potential adverse impact related to age – issues often considered for other protected groups such as women and ethnic minorities, but rarely for older workers. We call for more attention by researchers and practitioners to carefully examine this full range of issues pertinent to age discrimination in hiring.

We begin by summarizing the current legal context for understanding age and age discrimination in the workplace. Second, we review prior research related to adverse impact related to age. Next we present a conceptual rationale for examining bias and differential prediction related to cognitive ability, physical ability, personality, and work motivation. We propose recommendations for human resource management research and practice and identify challenges to be addressed by future researchers when examining these issues.

2. Age discrimination based on the judgments of individuals

In the U.S., legislation to protect workers age 40 or older from employment discrimination was introduced in 1967 with the Age Discrimination in Employment Act (ADEA). Age discrimination is a prevalent and costly problem, with more than 22,000 cases filed each year with the Equal Employment Opportunity Commission (EEOC), representing more than 20% of all EEOC claims since 2008 and $91.6 million in monetary benefits in 2012 alone, not including benefits obtained through litigation (EEOC, 2013). Furthermore recent meta-analytic research has demonstrated that older workers face challenges in the hiring process, as those over age 50 face longer reemployment times than their younger counterparts (Wanberg, Kanfer, Hamann, & Zhang, 2016). Economic research has also demonstrated evidence of age discrimination (Lahey, 2008).

Most prior research on workplace age discrimination has focused on disparate treatment, that is, intentional discrimination against older workers. For example, a series of meta-analyses over the last two decades (Bal, Reiss, Rudolph, & Baltes, 2011; Finkelstein et al., 1995; Gordon & Arvey, 2004) concluded that there is empirical evidence for disparate treatment of older and younger workers (usually favoring younger workers) on important workplace decisions such as hiring choices and judgments of potential for advancement. For example, Bal et al. (2011) recently built on earlier meta-analyses by updating the literature and using random-effects meta-analytic procedures, and still found evidence (specifically, medium-sized meta-analytic effects) that older workers fared worse in judgments of advancement, selection, interpersonal skill, and general evaluations, but better on judgments of reliability.

Much, though not all, of the empirical studies upon which these quantitative reviews are based have used methodology in which the age of the target is manipulated and comparisons between older and younger workers are made in regard to HR decisions. The underlying mechanisms used to explain the differences in the treatment of older workers during hiring are largely based on stereotyping theories (Finkelstein et al., 1995; Posthuma & Campion, 2009). As the salience and use of stereotypes

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