

Age discrimination in personnel selection: A vignette study among HR managers in Austria

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Abstract. The paper investigates age discrimination in personnel selection decisions across different industries and positions in Austria. A factorial survey approach (FSA), also called vignette study, is applied. This semi-experimental research method combines the advantages of both survey research and classical experiments. A vignette is a short description of a social situation or a person that consists of several characteristics (factors and their levels) which can be simultaneously manipulated. The experimental design takes on all possible combinations of factor levels across all factors. Such design allows studying the effect of each factor on the dependent variable, as well as the effects of interactions between factors on the response variable. The impact of each dimension on respondent's judgment can be estimated accurately. To make it more specific, through a vignette design it is possible to investigate the solely effect of age on selection decisions, a factor that is usually confounded with other factors in reality. Respondents in this study are HR managers from different organizations in Austria. They are confronted with scenarios of hypothetical applicants and are then asked to state the hiring desirability for the respective job seeker. The paper elaborates on the research method and presents results of multilevel analysis.

Keywords: Age discrimination; personnel selection; Vignette approach

1 Problem definition

Many industrialized countries face a demographic change. Rising life expectancies together with declining birth rates constitute a great challenge for labour markets regarding the composition of the labour force. Employers are confronted with an aging workforce as well as a substantial turnover due to baby boomers' retirement (Szinovacz, 2011). The potential of older employees will be increasingly valuable for organizations in the future; however, labour market opportunities of older workers are reported to be poorer than those of younger ones (Johnson, 2008): Older job seekers need about twice as long as younger ones to reintegrate into the labour market after career breaks. If they succeed in re-entering, they find employment in a limited range of occupations and sectors, compared to younger job seekers (Bendick et al., 1999). Labour market statistics also display lower employment rates for the age group 55-59 years (Statistik Austria, 2014). These reduced chances of older workers might be due

to productivity differences, but they might also be the result of age discrimination. Age discrimination often occurs in more subtle ways and is hard to detect, which particularly applies to the process of employee selection (Büsch et al., 2008, Richardson et al., 2013).

Evidence of self-reported age discrimination (Eurobarometer survey) indicates a substantial amount of subjective discrimination in Austria. More “objective” measures of age discrimination, however, are lacking. In Europe, we know very little about attitudes of employers towards older workers and the factors that affect managers’ decisions to employ older workers. For German speaking countries, the topic of age discrimination has been widely neglected. This contrasts to extensive research on attitudes, stereotypes and discrimination of older workers in the Anglo-Saxon countries, dating back to the 1970s. Moreover, most research has focused on the supply side of labour markets: on the supply of older workers, their socioeconomic characteristics, on their experiences with discrimination, or on alternative work arrangements (Adler and Hilber, 2009). But less is known about the demand side of the labour market and employers ambitions to recruit older workers (van Beek et al., 1997, Karpinska et al, 2011).

The study aims to fill this research gap. To forecast future challenges for labour markets due to demographic change, it is important to understand the demand side of labour markets and employers judgments in personnel selection. Raising employment participation levels of older workers is at high priority among European policy makers, and this target can only be reached with the support and understanding of employers who fail employment decisions (Conen et al., 2011). The main research question addresses the relevance of age in selection for entry-level jobs across a broad range of industrial sectors. Moreover, the project also investigates the importance of factors other than age that might have an impact on managerial decision-making, such as sex, the existence of social networks, social capital or job history. What are the characteristics that enhance or limit the hiring chances of applicants of different ages? In addition, characteristics of the organisation and of the respondents are included in the analysis.

2 The factorial survey approach

A factorial survey approach (FSA), also called vignette study, is applied to study age discrimination in personnel selection. A vignette is a short description of a social situation or a person that consists of several characteristics (factors and their levels) which can be simultaneously manipulated (Jasso, 2006, Sauer, Auspurg, Hinz and Liebig, 2011, Steiner und Atzmüller, 2006). Instead of answering single items, respondents are confronted with scenarios of persons or situations and are then asked to judge the situation or person presented to them. The researcher can systematically manipulate the levels of factors in the vignettes by assigning different values to them. The experimental design takes on all possible combinations of factor levels across all factors. Such design allows to determine the influence of each single factor on the

judgement task and to weight the relative importance of each factor which is often confounded in reality (Auspurg et.al., 2009, Sauer et.al., 2009). More specifically, in the “real world”, age and work experience are usually so closely related that it is difficult to disentangle their influence on selection decisions. In constructing hypothetical scenarios, however, the influence of each factor on decisions can be identified.

The method combines elements from both experiments and surveys. Vignette studies usually consist of a vignette experiment as core part and a traditional survey for the supplementary measurement of respondent-specific and organizational characteristics (Atzmüller, 2006). The semi-experimental approach of factorial surveys presents a number of advantages vis-à-vis traditional survey research which will be discussed in more detail in the poster.

Respondents in this study are 122 HR managers from mainly large organizations in different branches in Austria. Via an online questionnaire, they are asked to state the hiring desirability for a hypothetical job seeker. Since the data have a hierarchical structure, I apply multi-level analysis using random intercept and random coefficient models.

3 Results

Findings of the vignette study show a significant negative age effect on both productivity ratings and hiring decisions. In other words, HR manager’s assessment of applicants is strongly influenced by age: HR managers evaluate older job seekers as being less productive than younger ones and are reluctant to hire them. One can observe that with every increasing year of age, an applicant’s hiring chances decline significantly in Austria. Apart from age, the factors social capital, employment status and the individual job history have a significant impact on the probability of being hired. Social capital relies to the possession of personal contacts relevant for job search. Results point out that HR managers in large Austrian organizations tend to use social capital as a screening device, thereby preferring applicants with social contacts over job seekers who lack these. Employment status refers to being unemployed versus being employed at the time of application. Findings of the vignette survey show that HR managers prefer applicants in upstanding employment relationships over someone who is unemployed and aims to re-enter the labour market. Unemployment status seems to signal productivity to employers (Spence, 1973), even though four months of unemployment - which was the duration stated in the fictitious candidate profiles - is short and human capital deterioration is very unlikely in such period. Next to employment status, job hopping is another aspect of job history data (Bills, 1990) and relates to past employment experiences of applicants and to the amount of employer changes. Job history data are very relevant screening devices for US employers, which were also proven during the focus group discussion with Austrian recruiters that took place as a pre-study to the vignette setup. Respondents in the present vignette survey were found to prefer applicants in a continuous employment relationship with a single employer over job seekers with discontinuous employment history

with more than one employer. Regarding the factor sex in the present vignette design, it was shown that HR managers do not differ in their evaluations regarding male and female applicants. In other words, they act sex discriminatory free. Next to sex, social skills were also not found to have an impact on hiring chances.

Regarding personal attributes of HR managers (e.g. age, sex) and their influences on hiring decisions, it was found that age, sex and the amount of work experience are unrelated to the evaluation of hypothetical applicants. In other words, no in-group bias was detected in that younger HR managers tend to favor younger applicants or that male recruiters tend to prefer male applicants.

Apart from the impact of several vignette factors, as well as personal characteristics of respondents, on hiring chances, also the influence of organizational context factors was assessed. More specifically, it was assumed that selection decisions are usually not taken in isolation, but are embedded in a broader context of meso- and macro-level developments and labor market institutions, which influence the behavior of managers towards applicants. Context factors in this study related for instance to questions whether the existence of an employee representative within a firm would increase hiring chances of older applicants, or whether the size of the company, the share of older workers or the skill level of a firm would have an impact on the hiring chances of older job seekers. Findings of this study only found support for the share of older employees within a firm, which affects the hiring prospects of older job seekers. To be more precise, it was shown that the oldest applicant group aged 58 years has better hiring chances in organizations with a higher share of older employees and the lowest chances in firms with a predominantly young workforce. The study concludes with policy implications.

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