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CAMPUS RECRUITING HURTS OLDER WORKERS, SUIT AGAINST PRICEWATERHOUSECOOPERS CLAIMS

Litigants allege auditing giant 'fosters an age-conscious workplace in which youth is highly valued'

By Kelsey Gee
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Hundreds of large employers travel to college campuses each year to recruit entry-level workers, a tradition two rejected PricewaterhouseCoopers applicants argued this week hurts the chances for men and women over 40 to land those same jobs.

Attorneys for the unsuccessful candidates – men who applied to PwC dozens of times in their late 40s and early 50s – aimed to convince San Francisco District Judge Jon Tigar on Tuesday that 14,000 older workers were similarly disadvantaged by the accounting firm's system of finding applicants at university career fairs and school-affiliated job websites, over a four-year period.

PwC disproportionately hires younger workers for its tax and assurance business units, steers more seasoned applicants into part-time and seasonal roles, and "fosters an age-conscious workplace in which youth is highly valued," the litigants alleged.

In court, PwC argued its hiring practices are merit-based, and that campus recruiting is an efficient and effective approach used by many large employers. Kirkland & Ellis LLP attorney Emily Nicklin said the firm hires less than 5 percent of the 300,000 applicants who seek its U.S. positions annually.

The company's hiring decisions have "nothing to do with age," Ms. Nicklin said. Claims that older applicants are steered away from full-time roles are false, she added.

Professional-services firms such as PwC, Accenture PLC and McKinsey & Co. are among the largest employers of college finance and accounting majors and graduates of master's in business administration programs.

London-based PwC is a top recruiter for M.B.A.s from elite schools such as University of Chicago's Booth School of Business and Carnegie Mellon University's Tepper School of Business. The firm ranked among the top 25 most attractive employers for M.B.A.s in part because of its culture and advancement opportunities for new hires, according to a 2017 survey by employer-branding consultancy Universum.

The case highlights a demographic clash in the job market, coinciding with technology-driven changes that affect the way Americans work – factors that will continue to pressure employers in the future, say management researchers and economists. The case could also affect the way large companies recruit top talent from business schools if the courts decide a hiring practice discriminates, even unintentionally, against older applicants.

Millennials, who were born between 1981 and 1997, recently overwhelmed the number of 35- to 50-year-olds in the workforce, according to the U.S. Bureau of Labor Statistics. However, the bureau's economists project that the number of workers over 65 will grow faster than any other age group in the coming years, as Americans delay retirement longer.

That shift has stoked subtle stereotypes about older workers' performance and willingness to learn, which can have tangible effects on their careers, said Michael North, assistant professor of management and organizations at New York University's Stern School of Business.

A February 2017 report by the Federal Reserve Bank of San Francisco found that younger job applicants were more likely to receive callbacks from employers than older ones, in an experiment using fake résumés.

Federal complaints of age discrimination filed to the Equal Employment Opportunity Commission and lawsuits by workers who say they were pushed out have become more common in recent years. But cases like the one against PwC, which applies the federal Age Discrimination in Employment Act to job applicants, have little legal precedent.

An engineer who was rejected by Alphabet Inc.'s Google sued the tech firm for age discrimination, which the company denies. That case is continuing, but a federal judge in January said in a related case that it is unclear whether the federal age-discrimination law applies to the hiring process.

Court documents filed ahead of Tuesday's hearing offer a rare glimpse into the well-oiled machine of recruiting by privately held consulting and accounting firms such as PwC.

In dozens of pages of corporate policies, interviews, and emails between recruiters, the litigants paint a portrait of a company where older and younger applicants seeking jobs as associates, experienced associates and senior associates often have different fates. The firm hired about 18 percent of the applicants who were under 40 to its tax and assurance business, compared with 3 percent of candidates over that age, according to a statistical analysis of more than 100,000 candidates submitted by the plaintiffs, using PwC data.

Ms. Nicklin called the statistical analysis "fundamentally flawed."

A PwC spokeswoman said half of the company's full-time hires in 2018 will come from campus-recruiting efforts, and candidates with relevant work experience will make up the other half.

The judge is expected to decide whether to add the roughly 14,000 other older workers who didn't get job offers from PwC to the case in the coming weeks.

A ruling on whether a bias for young recruits prevented those applicants from getting jobs at PwC could be years away.