High Salaries Haunt Some Job Hunters

Recruiters increasingly ask about pay history early in the hiring process, putting high earners in a quandary

Despite more than 14 years of experience, Steve Carpinelli recently lost out on a Washington, D.C., public-relations job to someone with five years of experience. ‘I definitely got the impression that I’d priced myself out,’ says the 45-year-old. PHOTO: KHUE BUI FOR THE WALL STREET JOURNAL

By LAUREN WEBER
Feb. 4, 2016 8:07 p.m. ET

After more than 20 years as an electronics engineer, Pete Edwards reached the low six-figure pay level. Now, as he looks for a job following a layoff, he finds that salary success a burden.

Although his experience includes the sought-after field of 3-D printing, the 53-year-old hasn’t been able to land a permanent full-time job. Time and again, he says, employers seem to lose interest after he answers a question that they ask early on: “What was your last salary?”
That question comes up sooner than ever nowadays. Hiring managers used to broach salary history or requirements only in later stages, after applicants had a chance to make an impression and state their case.

Today, pay increasingly is mentioned early in the process, either as a required field in online applications—which are used more often—or during initial interviews, say recruiters, compensation consultants and job seekers.

The shift is vexing applicants, mostly those of a certain age and pay level, who are concerned that a salary they worked to attain now gets in the way of having a job at all. “I’m unemployable now as a result of getting to the top of the tree,” Mr. Edwards lamented.

Josh Rock, a recruiter at Fairview Health Services, a 20,000-employee health system in Minnesota, said that during the last recession, recruiters used compensation queries as a quick way to cull the large numbers of candidates for open jobs. The habit has stuck, he said. “Why not figure out what’s going on sooner in the process than doing a dance?”

Human-resources executives say asking about pay right off the bat helps contain compensation costs, ensures that candidates have reasonable expectations and spares recruiters from chasing prospects they can’t afford.

“Unfortunately, some clients use salary as a pre-screening question,” said Susan Vitale, chief marketing officer at iCIMS Inc., a provider of recruiting software in Matawan, N.J. “So if the role tops out at $55,000 and they say they want $60,000, it might knock the candidate out of consideration” even if the person would be open to salary negotiations.
Screening candidates this way may be a factor in wage stagnation, some analysts suggest. Average hourly earnings rose 2.5% in 2015, modest by historical standards. Wage growth has averaged only about 2% for the past five years.

Focusing on compensation history “holds down wages because now the jobs are being filled by people with lower salary expectations,” said Thomas Kochan, a professor of employment research at the Massachusetts Institute of Technology’s Sloan School of Management. “We have a whole generation of people who are permanently adversely affected.”

Though hiring tactics have received little attention in the economic debate about wage stagnation, Mr. Kochan said they could have profound effects: “The decisions of firms individually are...creating collectively this macro phenomenon of stagnation,” yet are hard to measure because they are shrouded in secrecy.

U.S. employers continue to hold the line on wages despite six years of economic recovery and an unemployment rate of 5%. Finance chiefs are “probably looking ahead and saying they want to keep the escalation of labor costs from going up in a way that will put pressure on earnings,” said Ajit Kambil, global research director of Deloitte’s CFO Program.

In Deloitte’s most recent quarterly survey, 47% of chief financial officers said they plan to work to lower or control labor costs this year, by taming compensation growth, reducing benefit costs or other means. Moreover, employers may feel they can lowball applicants because they believe there is still a surplus of qualified candidates.

“Workers are still a little discounted” in most fields, said Linda Barrington, executive director of the Institute for Compensation Studies at Cornell University’s ILR School. “Employers won’t pay what the last person in the job was paid because labor is now on sale.”

Steve Carpinelli recently applied for a public-relations position with a nonprofit organization in Washington, D.C. The role called for a minimum of five-to-seven years of experience. He has more than 14.

Mr. Carpinelli’s pay reached high five figures before the 45-year-old switched to the generally lower-paying field of nonprofits. While preparing for a phone interview with the Washington organization, he discovered that the last person in the job earned $101,000. So when asked early on about his salary expectations,
he put his range
squarely around what
the last employee
earned, seeking
$85,000 to $110,000.

“After that, the
collection was very
robotic, not a two-way
collection about
what they’re truly
looking for,” Mr.
Carpinelli said. “I
definitely got the
impression that I’d
priced myself out.”

In his experience,
“there has been a
definite shift or
emphasis on
beginning the
collection with:
‘What is your salary
range?’” Mr. Carpinelli
said. “I was always told
you never talk about
salary until you’re
given an offer. But I’ve
noticed the
salary-range question
comes up far earlier in
the conversation.”

The organization ultimately hired a young woman with five years’ experience.
Mr. Carpinelli is still looking for a permanent job.

Older job seekers sometimes see such outcomes as evidence of bias. But “employers can make financial decisions and it’s not necessarily age discrimination,” said Raymond Peeler, a senior attorney-advisor at the Equal Employment Opportunity Commission. “What an employee would have to prove...is that the employer is using the salary level as a proxy to disqualify all the older applicants.”

Businessolver Inc., a benefits-administration firm in West Des Moines, Iowa, recently hired more than 100 people for its Denver office. Human-resources staffers ask about compensation in the middle of a six-step hiring process and use the answers to gauge applicants’ “level of reality,” said Marcy Klipfel, senior vice president of HR. “A lot of times what you’re looking at is are we going to waste time and get to the end of the process, and it turns out the person is way out of our range?”

A majority of workers take a salary cut when they get a new job after a stretch of unemployment, but those over 45 usually take a bigger hit than workers under 35 years of age, according to research from Ms. Barrington and a Cornell colleague, Hassan Enayati.

A survey by AARP last year found that of job seekers between 45 and 70 years old who found work after a spell of unemployment, nearly half earned less than before.

Some employers hesitate to hire at far below a past salary, concerned that the employee would resent earning so much less. “If someone wants $100,000 and settles for $75,000, they’re not going to be happy,” said Steve Gross, a compensation specialist and senior partner at consulting firm Mercer.

Workers, however, say they would like the chance to decide for themselves.

“The presumption that I would walk into a job and get $150,000 is not there,” said Rosemary Lynch Kelleher, a baby boomer who has earned at that level during her 25-year career in international trade policy, and has been looking for a permanent job for several years.

“I realize very clearly that it’s not there. And I would take something for $100,000 or $75,000.”

In Austin, a woman who lost her six-figure position as a data architect in 2014
but recently landed a job, said she had been tempted to say she earned $60,000 to improve her chances of getting hired.

While she was searching, the 63-year-old said: “I hate putting down what I want” in salary. “If you put down too much, they think you’re expensive. If you don’t put down enough, they think you’re undervaluing yourself.”

Much of this ambiguity could be avoided if employers published a pay range for positions, but they don’t want to tip their hands. So experts suggest job seekers research market rates for particular positions and try to finesse salary questions.

“Say, ‘I’m open to a salary commensurate with the job,’” recommended Blake Nations, a former recruiter who was laid off and then founded Over50JobBoard.com. “And if they keep going, ask: ‘What do you expect to pay someone with my experience and education for this position?’”

Some applicants, faced with a salary-history question they fear would exclude them from the start, have toyed with putting a bogus number in a required field in an online form.

Mr. Edwards, the electronics engineer, says he tried that once. Not hearing back from the company, he contacted its HR department and was told he was too expensive. That baffled him because he had listed $1,000 as his previous pay. It turned out HR had changed that to $100,000, assuming it was a mistake.

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