# HUMAN CAPITAL ANALYTICS GROUP

Managing Age Diversity

When did you last time check your company's age diversity index? No, we are not talking about average age, but rather how diverse the age of your employees from the average age in the company. Why is this important? Because it may affect your bottom line performance!

A recent study proves that social identity and social categorization theory predict a negative indirect relationship from organizational-level age diversity to company performance (transmitted through negative age-discrimination climate): Higher levels of age diversity trigger higher levels of perceived negative age-discrimination climate, which in turn negatively affect company performance.
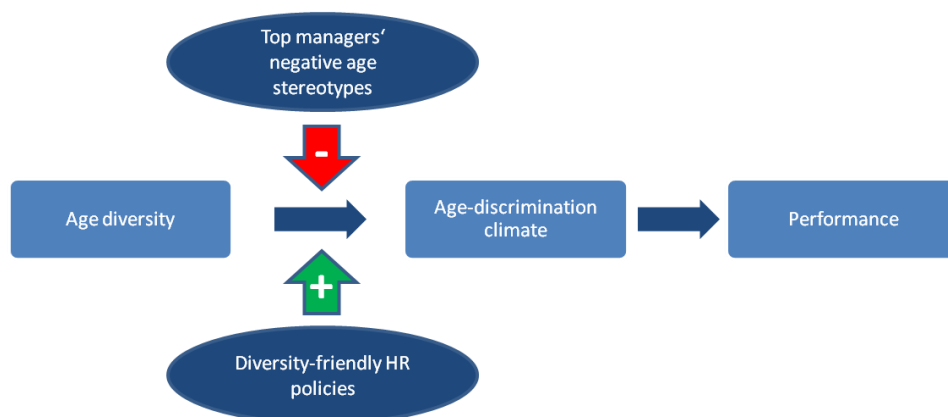
Most importantly, the study identifies two organizational factors as moderators of this process. First, top managers' negative age stereotypes against older employees (who they think are less motivated and productive but at the same time more costly) moderate this relationship: The more negative the stereotypes are, the more likely they trigger a negative age-discrimination climate in the organization. This is because these stereotypes might be considered to define accepted behavior in the company, and thus encourage employees to show unfair behavior towards old colleagues. Second, diversity-friendly HR policies mitigate the negative impact of age diversity on the discrimination climate and performance. If employees perceive that their organization values diversity, they might avoid discriminatory behavior towards colleagues from dissimilar age groups. Interestingly, diversity-friendly HR policies have this effect even if they are targeted towards a general diversity-friendly climate and not a specific age-diversity climate.

Companies should regularly assess the age composition of their workforce to evaluate whether increased age diversity and age discrimination are potential obstacles to performance. Top managers should reflect on their age stereotypes and the potential impact of these stereotypes on the overall age-discrimination climate in the organization. Since diversity-friendly HR policies send strong signals to the workforce, firms should consider investing in institutional diversity management programs, trainings and workshops to mitigate the perceptions of discrimination.

Are you aware of the age composition in your company and your own stereotypes?