

ENTREPRENEURSHIP

Research Powered by AI Shows Age Discrimination in Entrepreneurial Fundraising

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Research using AI demonstrates the dangers of bias.

✔ **INSIGHT** | NOTE 04 Mar 2024

As society continues to push for greater diversity, equity, and inclusion, age is one area that all too often remains overlooked. Across contexts—ranging from legal judgments¹ to instructor² ratings—research has shown that perceptions of age matter. In fact, a recent survey³ indicated that around one-third of U.S. workers have faced age discrimination, a shocking statistic considering the protections afforded by the Age Discrimination in Employment Act. This bias represents a critical issue in an economy where the percentage of older workers is rising,⁴ including in innovation sectors.

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We set out as a research team to study the impact of age bias in entrepreneurial fundraising. We adopted a novel approach by leveraging a new technique that harnesses artificial intelligence (AI).⁵ We took AI-generated photos and “transformed” them to be either younger or older, resulting in three “versions” of the same person, as shown in the images below. The advantage of this approach is that by using AI, we are able to artificially change an individual’s ages without introducing other factors that may influence any research findings.

With these photos in place, we then recruited over 900 participants to evaluate a potential startup and displayed one of the photos below as the venture's founder.

Broadly speaking, our results⁶ demonstrate that age is not “just a number.” Rather, younger and older workers are penalized compared to their middle-aged peers. Drawing inspiration from our research, we outline three takeaways for forward-thinking professionals. Additionally, we highlight how our study fits into the broader domain of research on discrimination.



1. Acknowledge that Ageism is Real

After viewing an entrepreneurial venture, we prompted individuals to indicate how much money they would be willing to invest in the startup. Our findings reveal that this relationship is curvilinear. That is, onlookers are willing to invest more money as the entrepreneur appears older, but at the tipping point of around 45 years old, the amount of

funds that any one person is willing to contribute begins to taper off. Based on several factors, we estimated a potential decline in funding to be up to \$17,343, a hefty price tag for not being the “right” age.

Our research isn’t alone. In a study of over 700,000 individuals,⁷ scholars demonstrated a bias against older people. On the other side of the equation, younger adults may also experience age-related discrimination⁸ in professional contexts and be punished for appearing “too young.”⁹ Understanding this reality is especially important as Gen Z continues to enter the workforce.¹⁰ This age bias is costly to the economy, with some calculating the price of negative stereotypes against older workers to be around \$63 billion¹¹ in the United States alone. At the end of the day, the main takeaway for responsible business professionals is that age bias is happening to both younger and older workers. Acknowledging this reality is the first step toward lasting change.

2. Take Action to Offset Age Bias

Clearly, ageism is unfair. Yet, to reduce discrimination, it becomes necessary to understand why workers are being penalized. By understanding the mechanisms, this empowers responsible individuals to act. In our study of entrepreneurs, we find (generally speaking) that perceptions of the founder’s intelligence, creativity, and experience account for the reason that younger and older entrepreneurs are seen as less favorable. In other words, people often assume that an individual is a certain way (e.g., less creative) based on that person’s demographic information (e.g., older worker). The prevalence of these types of stereotypes is perhaps part of the reason why some have observed¹² that age bias is “one of the last socially acceptable prejudices.”

For people experiencing age bias, there are steps you can take. Writing for the Washington Post, Danielle Abril offers the suggestion of emphasizing flexibility and willingness to learn, regardless of whether you are seen as “too young” or “too old.”¹³ Our findings add other potential solutions, such as accentuating creativity or, in some cases, displaying more energy. For those who are witnessing age bias, strive to present a more holistic

picture of the person who is being treated unfairly. For example, prioritizing the insights of older workers can help combat ageism. By speaking up, you can ensure that toxic stereotypes don't gain a foothold in your workplace.

3. Be Wary of Double-Pronged Bias

Our study included profile images of both male and female entrepreneurs, but we did not observe statistically significant differences between genders. Yet, it can be valuable to adopt a broader perspective when interpreting scientific findings. For example, other research¹⁴ suggests that perceptions of women face harsher penalties than men for aging. Similarly, a separate team of researchers sent over 40,000 applications and concluded that “women face worse age discrimination than men.”¹⁵

More work is needed to understand how age bias unfolds. An appropriate conclusion, however, is that decision-makers should be especially sensitive when multiple social identities (e.g., gender, race, social class, culture) intersect with age. It is not enough to address ageism as it relates to one social group (e.g., men) while ignoring how it may be even more vicious for another (e.g., women). Further, by being cognizant of multiple social identities, companies can reap more benefits associated with age diversity. For example, we know that management styles often vary by age,¹⁶ which can be an advantage if approached correctly.

At the end of the day, everyone will be vulnerable—at one point in their careers—to being seen as “too young” or “too old.” A simple fact of life is that our age changes, but we shouldn't be penalized for this biological process. Instead, as each of us experiences (or anticipates) aging, this should endow us with empathy and resolve to oppose age discrimination in the workforce.

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