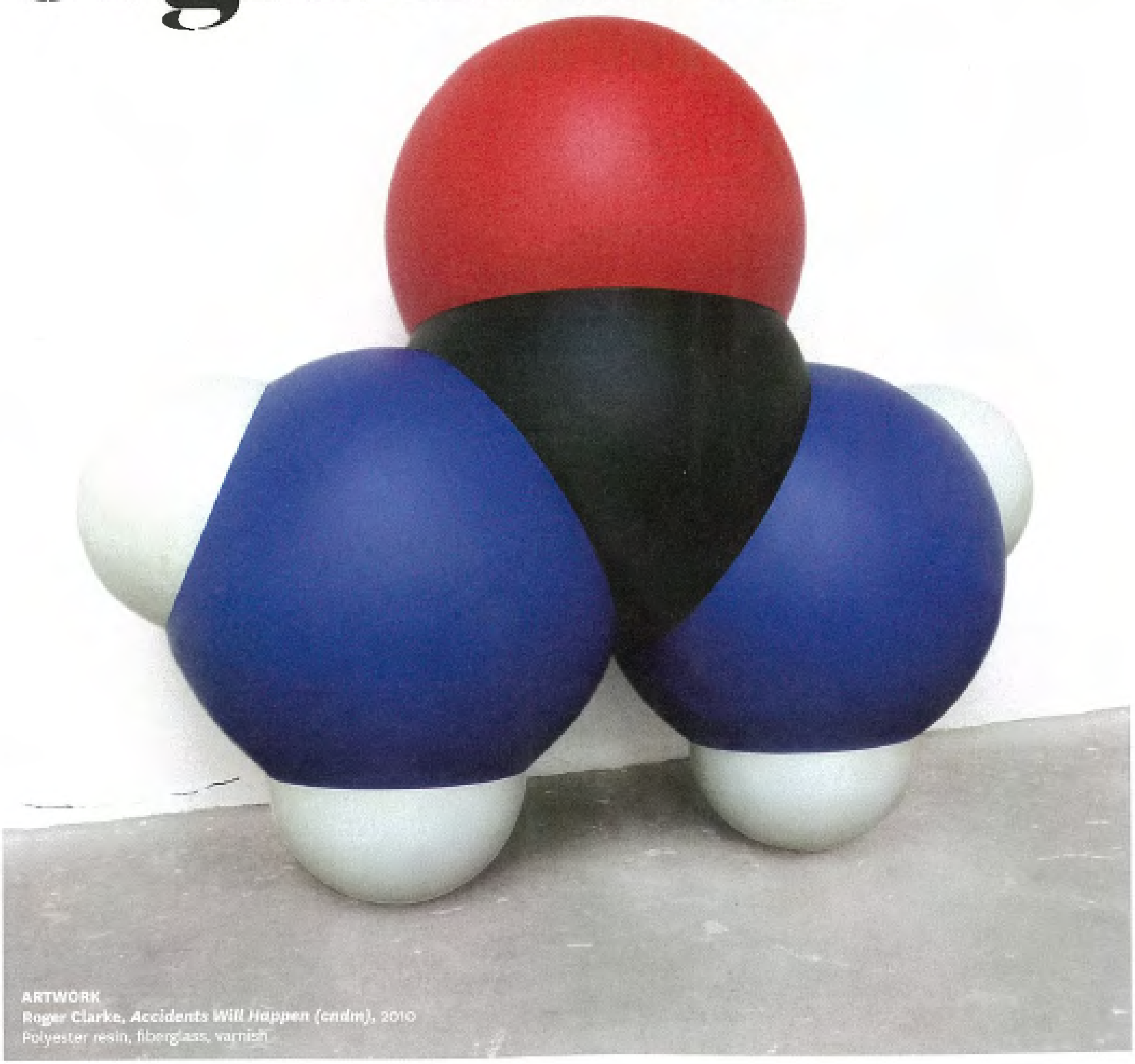
SPOTLIGHT

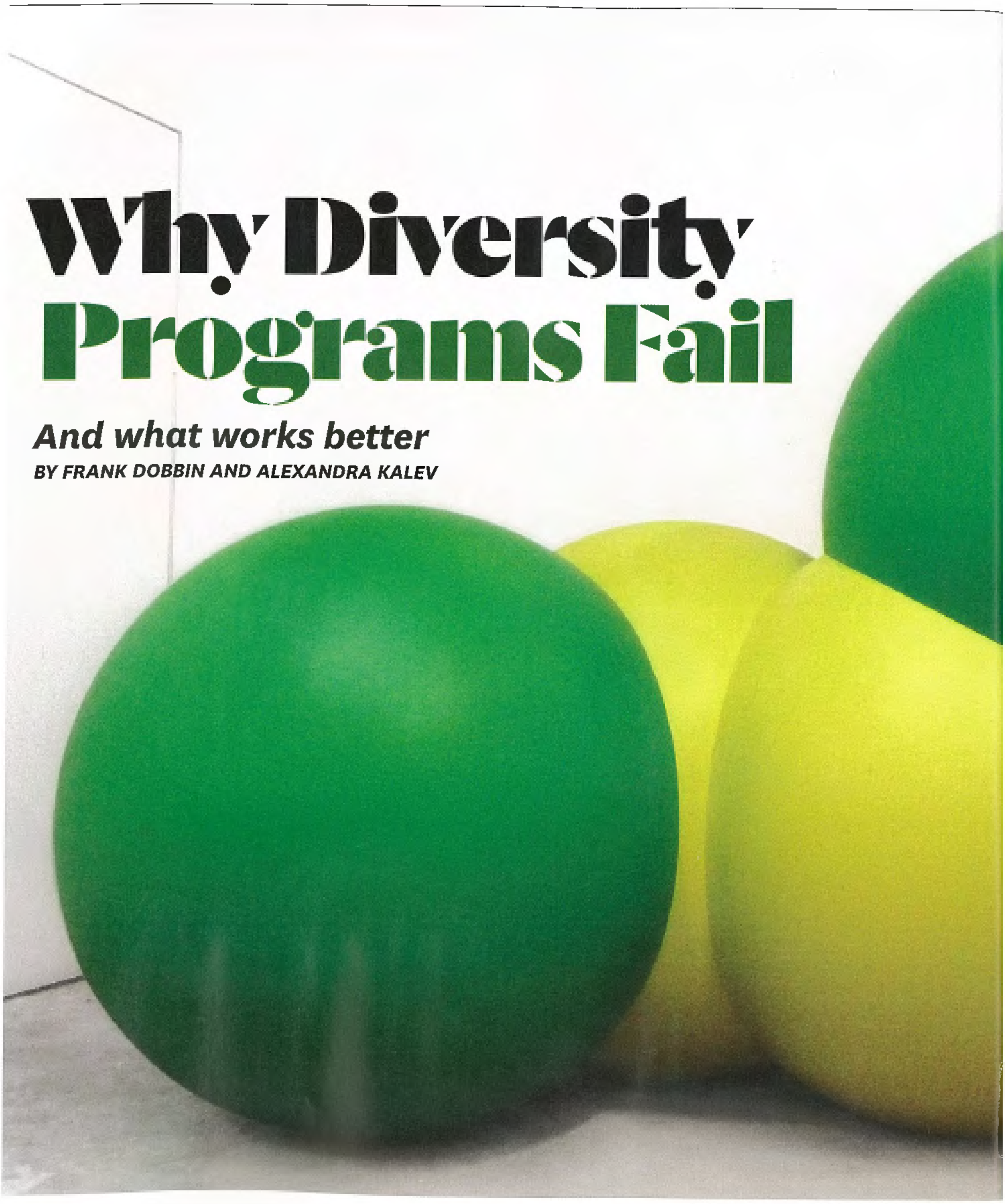
Building a Diverse Organization



ARTWORK
Roger Clarke, *Accidents Will Happen (cndm)*, 2010
Polyester resin, fiberglass, varnish

SPOTLIGHT

ARTWORK
Roger Clarke, *The Deadliest Toxins (dsdc)*, 2009
Polyester resin, fiberglass, varnish



Why Diversity Programs Fail

And what works better

BY FRANK DOBBIN AND ALEXANDRA KALEV

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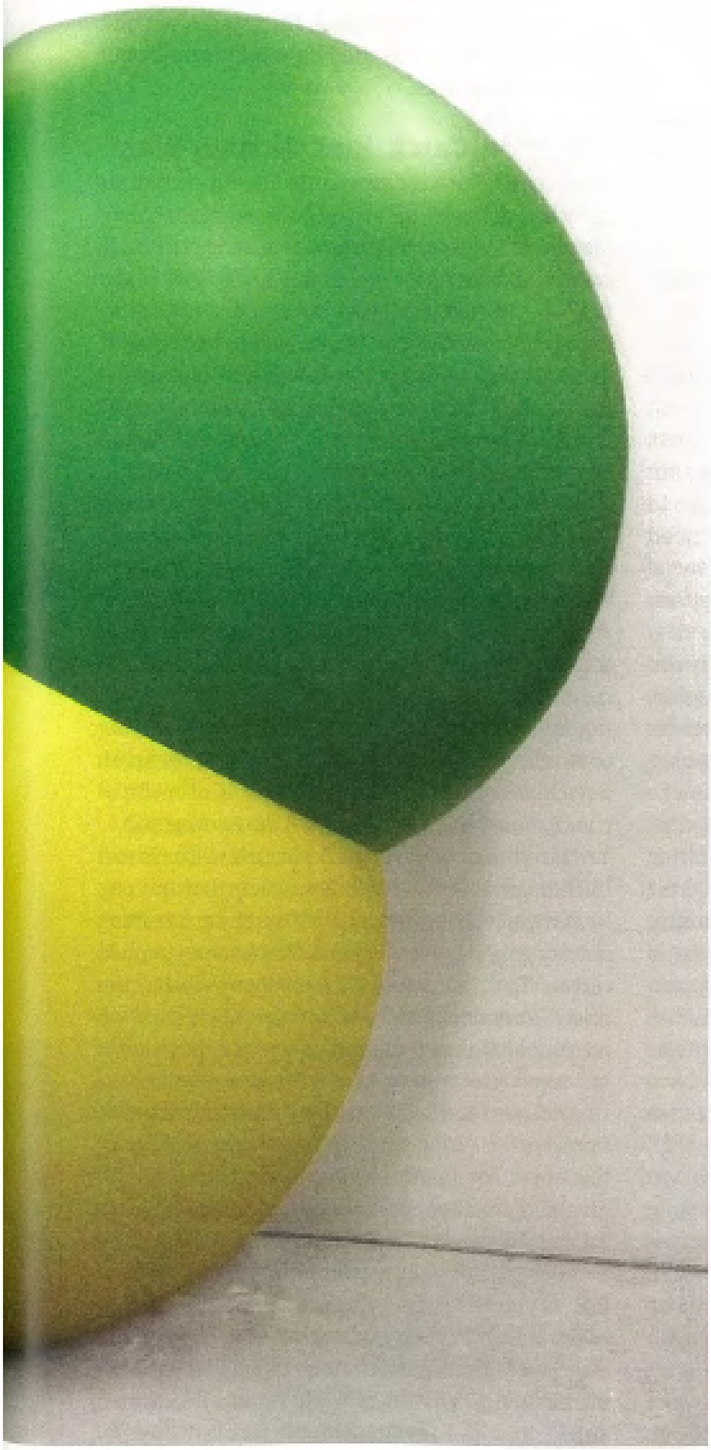


Businesses started caring a lot more about diversity after a series of high-profile lawsuits rocked the financial industry. In the late 1990s and early 2000s, Morgan Stanley shelled out $54 million—and Smith Barney and Merrill Lynch more than $100 million each—to settle sex discrimination claims. In 2007, Morgan was back at the table, facing a new class action, which cost the company $46 million. In 2013, Bank of America Merrill Lynch settled a race discrimination suit for $160 million. Cases like these brought Merrill's total 15-year payout to nearly *half a billion* dollars.

It's no wonder that Wall Street firms now require new hires to sign arbitration contracts agreeing not to join class actions. They have also expanded training and other diversity programs. But on balance, equality isn't improving in financial services or elsewhere. Although the proportion of managers at U.S. commercial banks who were Hispanic rose from 4.7% in 2003 to 5.7% in 2014, white women's representation dropped from 39% to 35%, and black men's from 2.5% to 2.3%. The numbers were even worse in investment banks (though that industry is shrinking, which complicates the analysis). Among all U.S. companies with 100 or more employees, the proportion of black men in management increased just slightly—from 3% to 3.3%—from 1985 to 2014. White women saw bigger gains from 1985 to 2000—rising from 22% to 29% of managers—but their numbers haven't budged since then. Even in Silicon Valley, where many leaders tout the need to increase diversity for both business and social justice reasons, bread-and-butter tech jobs remain dominated by white men.

It shouldn't be surprising that most diversity programs aren't increasing diversity. Despite a few new bells and whistles, courtesy of big data, companies are basically doubling down on the same approaches they've used since the 1960s—which often make things worse, not better. Firms have long relied on diversity training to reduce bias on the job, hiring tests and performance ratings to limit it in recruitment and promotions, and grievance systems to give employees a way to challenge managers. Those tools are designed to preempt lawsuits by policing managers' thoughts and actions. Yet laboratory studies show that this kind of force-feeding can activate bias rather than stamp it out. As social scientists have found, people often rebel against rules to assert their autonomy. Try to coerce me to do X, Y, or Z, and I'll do the opposite just to prove that I'm my own person.

In analyzing three decades' worth of data from more than 800 U.S. firms and interviewing hundreds of line managers and executives at length, we've seen that companies get better results when they ease up on the control tactics. It's more effective to engage managers in solving the problem, increase their on-the-job contact with female and minority workers, and promote social accountability—the desire to look fair-minded. That's why interventions such as targeted college recruitment, mentoring programs, self-managed teams, and task forces have boosted diversity in businesses. Some of the most effective solutions aren't even designed with diversity in mind.

Here, we dig into the data, the interviews, and company examples to shed light on what doesn't work and what does.

Why You Can't Just Outlaw Bias

Executives favor a classic command-and-control approach to diversity because it boils expected behaviors down to dos and don'ts that are easy to understand and defend. Yet this approach also flies in the face of nearly everything we know about how to motivate people to make changes. Decades of social science research point to a simple truth: You won't get managers on board by blaming and shaming them with rules and reeducation. Let's look at how the most common top-down efforts typically go wrong.

Diversity training. Do people who undergo training usually shed their biases? Researchers have been examining that question since before World War II, in nearly a thousand studies. It turns out that while people are easily taught to respond correctly to a questionnaire about bias, they soon forget the right answers. The positive effects of diversity training rarely last beyond a day or two, and a number of studies suggest that it can activate bias or spark a backlash. Nonetheless, nearly half of midsize companies use it, as do nearly all the *Fortune* 500.

Many firms see adverse effects. One reason is that three-quarters use negative messages in their training. By headlining the legal case for diversity and trotting out stories of huge settlements, they issue an implied threat: "Discriminate, and the company will pay the price." We understand the temptation—that's how we got your attention in the first paragraph—but threats, or "negative incentives," don't win converts.

Another reason is that about three-quarters of firms with training still follow the dated advice of the late diversity guru R. Roosevelt Thomas Jr. "If diversity management is strategic to the organization," he used to say, diversity training must be mandatory, and management has to make it clear that "if you can't deal with that, then we have to ask you to leave." But five years after instituting required training for managers, companies saw no improvement in the proportion of white women, black men, and Hispanics in management, and the share of

Idea in Brief

THE PROBLEM
To reduce bias and increase diversity, organizations are relying on the same programs they've been using since the 1960s. Some of these efforts make matters worse, not better.

THE REASON
Most diversity programs focus on controlling managers' behavior, and as studies show, that approach tends to activate bias rather than quash it. People rebel against rules that threaten their autonomy.

THE SOLUTION
Instead of trying to police managers' decisions, the most effective programs engage people in working for diversity, increase their contact with women and minorities, and tap into their desire to look good to others.

black women actually decreased by 9%, on average, while the ranks of Asian-American men and women shrank by 4% to 5%. Trainers tell us that people often respond to compulsory courses with anger and resistance—and many participants actually report more animosity toward other groups afterward.

But voluntary training evokes the opposite response ("I chose to show up, so I must be pro-diversity"), leading to better results: increases of 9% to 13% in black men, Hispanic men, and Asian-American men and women in management five years out (with no decline in white or black women). Research from the University of Toronto reinforces our findings: In one study white subjects read a brochure critiquing prejudice toward blacks. When people felt pressure to agree with it, the reading strengthened their bias against blacks. When they felt the choice was theirs, the reading reduced bias.

Companies too often signal that training is remedial. The diversity manager at a national beverage company told us that the top brass uses it to deal with problem groups. "If there are a number of complaints...or, God forbid, some type of harassment case...leaders say, 'Everyone in the business unit will go through it again.'" Most companies with training have special programs for managers. To be sure, they're a high-risk group because they make the hiring, promotion, and pay decisions. But singling them out implies that they're the worst culprits. Managers tend to resent that implication and resist the message.

Hiring tests. Some 40% of companies now try to fight bias with mandatory hiring tests assessing the skills of candidates for frontline jobs. But managers don't like being told that they can't hire whomever they please, and our research suggests that they often use the tests selectively. Back in the 1950s, following the postwar migration of blacks northward, Swift & Company, Chicago meatpackers, instituted tests for supervisor and quality-checking jobs. One study found managers telling blacks that they had failed the test and then promoting whites who hadn't been tested. A black machine operator reported: "I had four years at Englewood High School. I took an exam for a checker's job. The foreman told me I failed" and gave the job to a white man who "didn't take the exam."

This kind of thing still happens. When we interviewed the new HR director at a West Coast food company, he said he found that white managers were making only strangers—most of them minorities—take supervisor tests and hiring white friends without testing them. "If you are going to test one person for this particular job title," he told us, "you need to test everybody."

But even managers who test everyone applying for a position may ignore the results. Investment banks and consulting firms build tests into their job interviews, asking people to solve math and scenario-based problems on the spot. While studying this practice, Kellogg professor Lauren Rivera played a fly on the wall during hiring meetings at one firm. She found that the team paid little attention when white men blew the math test but close attention when women and blacks did. Because decision makers (deliberately or not) cherry-picked results, the testing amplified bias rather than quashed it.

Companies that institute written job tests for managers—about 10% have them today—see decreases of 4% to 10% in the share of managerial jobs held by white women, African-American men and women, Hispanic men and women, and Asian-American women over the next five years. There are significant declines among white and Asian-American women—groups with high levels of education, which typically score well on standard managerial tests. So group differences in test-taking skills don't explain the pattern.

Performance ratings. More than 90% of midsize and large companies use annual performance ratings to ensure that managers make fair pay and promotion decisions. Identifying and rewarding the best workers isn't the only goal—the ratings also provide a litigation shield. Companies sued for discrimination often claim that their performance rating systems prevent biased treatment.

But studies show that raters tend to lowball women and minorities in performance reviews. And some managers give everyone high marks to avoid hassles with employees or to keep their options open when handing out promotions. However managers work around performance systems, the bottom line is that ratings don't boost diversity. When companies introduce them, there's no effect on minority managers over the next five years, and the share of white women in management drops by 4%, on average.

Grievance procedures. This last tactic is meant to identify and rehabilitate biased managers. About half of midsize and large firms have systems through which employees can challenge pay, promotion, and termination decisions. But many managers—rather than change their own behavior or address discrimination by others—try to get even with or belittle employees who complain. Among the nearly 90,000 discrimination complaints made to the Equal Employment Opportunity Commission in 2015, 45% included a charge of retaliation—which suggests that the original report was met with ridicule, demotion, or worse.

Once people see that a grievance system isn't warding off bad behavior in their organization, they may become less likely to speak up. Indeed, employee surveys show that most people don't report discrimination. This leads to another unintended consequence: Managers who receive few complaints conclude that their firms don't have a problem. We see this a lot in our interviews. When we talked with the vice president of HR at an electronics firm, she mentioned the widely publicized "difficulties other corporations are having" and added, "We have not had any of those problems... we have gone almost four years without any kind of discrimination complaint!" What's more, lab studies show that protective measures like grievance systems lead people to drop their guard and let bias affect their decisions, because they think company policies will guarantee fairness.

Things don't get better when firms put in formal grievance systems; they get worse. Our quantitative analyses show that the managerial ranks of white women and all minority groups except Hispanic men decline—by 3% to 11%—in the five years after companies adopt them.

Still, most employers feel they need some sort of system to intercept complaints, if only because judges like them. One strategy that is gaining ground is the "flexible" complaint system, which offers not only a formal hearing process but also informal mediation. Since an informal resolution doesn't involve hauling the manager before a disciplinary body, it may reduce retaliation. As we'll show, making managers feel accountable without subjecting them to public rebuke tends to help.

Tools for Getting Managers on Board

If these popular solutions backfire, then what can employers do instead to promote diversity?

A number of companies have gotten consistently positive results with tactics that don't focus on

Managers made only strangers—most of them minorities—take tests and hired white friends without testing them.

control. They apply three basic principles: engage managers in solving the problem, expose them to people from different groups, and encourage social accountability for change.

Engagement. When someone's beliefs and behavior are out of sync, that person experiences what psychologists call "cognitive dissonance." Experiments show that people have a strong tendency to "correct" dissonance by changing either the beliefs or the behavior. So, if you prompt them to act in ways that support a particular view, their opinions shift toward that view. Ask them to write an essay defending the death penalty, and even the penalty's staunch opponents will come to see some merits. When managers actively help boost diversity in their companies, something similar happens: They begin to think of themselves as diversity champions.

Take *college recruitment programs* targeting women and minorities. Our interviews suggest that managers willingly participate when invited. That's partly because the message is positive: "Help us find a greater variety of promising employees!" And involvement is voluntary: Executives sometimes single out managers they think would be good recruiters, but they don't drag anyone along at gunpoint.

Managers who make college visits say they take their charge seriously. They are determined to come back with strong candidates from underrepresented groups—female engineers, for instance, or African-American management trainees. Cognitive dissonance soon kicks in—and managers who were wishy-washy about diversity become converts.

The effects are striking. Five years after a company implements a college recruitment program targeting female employees, the share of white women, black women, Hispanic women, and Asian-American women in its management rises by about 10%, on average. A program focused on minority recruitment increases the proportion of black male managers by 8% and black female managers by 9%.

Mentoring is another way to engage managers and chip away at their biases. In teaching their protégés the ropes and sponsoring them for key training and assignments, mentors help give their charges the breaks they need to develop and advance. The mentors then come to believe that their protégés merit these opportunities—whether they're white men, women, or minorities. That is cognitive dissonance—"Anyone I sponsor must be deserving"—at work again.

While white men tend to find mentors on their own, women and minorities more often need help from formal programs. One reason, as Georgetown's business school dean David Thomas discovered in his research on mentoring, is that white male executives don't feel comfortable reaching out informally to young women and minority men. Yet they are eager to mentor assigned protégés, and women and minorities are often first to sign up for mentors.

Mentoring programs make companies' managerial echelons significantly more diverse: On average they boost the representation of black, Hispanic, and Asian-American women, and Hispanic and Asian-American men, by 9% to 24%. In industries where plenty of college-educated nonmanagers are eligible to move up, like chemicals and electronics, mentoring programs also increase the ranks of white women and black men by 10% or more.

Only about 15% of firms have special college recruitment programs for women and minorities, and only 10% have mentoring programs. Once organizations try them out, though, the upside becomes clear. Consider how these programs helped Coca-Cola in the wake of a race discrimination suit settled in 2000 for a record $193 million. With guidance from a court-appointed external task force, executives in the North America group got involved in recruitment and mentoring initiatives for professionals and middle managers, working specifically toward measurable goals for minorities. Even top leaders helped to recruit and mentor, and talent-sourcing partners were required to broaden their recruitment efforts. After five years, according to former CEO and chairman Neville Isdell, 80% of all mentees had climbed at least one rung in management. Both individual and group mentoring were open to all races but attracted large numbers of African-Americans (who accounted for 36% of protégés). These changes brought important gains. From 2000 to 2006, African-Americans' representation among salaried employees grew from 19.7% to 23%, and Hispanics' from 5.5% to 6.4%. And while African-Americans and Hispanics respectively made up 12% and 4.9% of professionals and middle managers in 2002, just four years later those figures had risen to 15.5% and 5.9%.

This began a virtuous cycle. Today, Coke looks like a different company. This February, *Atlanta Tribune* magazine profiled 17 African-American women in VP roles and above at Coke, including CFO Kathy Waller.

Contact. Evidence that contact between groups can lessen bias first came to light in an unplanned experiment on the European front during World War II. The U.S. army was still segregated, and only whites served in combat roles. High casualties left General Dwight Eisenhower understaffed, and he asked for black volunteers for combat duty. When Harvard sociologist Samuel Stouffer, on leave at the War Department, surveyed troops on their racial attitudes, he found that whites whose companies had been joined by black platoons showed dramatically lower racial animus and greater willingness to work alongside blacks than those whose companies remained segregated. Stouffer concluded that whites fighting alongside blacks came to see them as soldiers like themselves first and foremost. The key, for Stouffer, was that whites and blacks had to be working toward a common goal *as equals*—hundreds of years of close contact during and after slavery hadn't dampened bias.

Business practices that generate this kind of contact across groups yield similar results. Take *self-managed teams,* which allow people in different roles and functions to work together on projects as equals. Such teams increase contact among diverse types of people, because specialties within firms are still largely divided along racial, ethnic, and gender lines. For example, women are more likely than men to work in sales, whereas white men are more likely to be in tech jobs and management, and black and Hispanic men are more likely to be in production.

As in Stouffer's combat study, working side-by-side breaks down stereotypes, which leads to more equitable hiring and promotion. At firms that create self-managed work teams, the share of white women, black men and women, and Asian-American women in management rises by 3% to 6% over five years.

Rotating management trainees through departments is another way to increase contact. Typically, this kind of *cross-training* allows people to try their hand at various jobs and deepen their understanding of the whole organization. But it also has a positive impact on diversity, because it exposes both department heads and trainees to a wider variety of people. The result, we've seen, is a bump of 3% to 7% in white women, black men and women, and Asian-American men and women in management.

About a third of U.S. firms have self-managed teams for core operations, and nearly four-fifths use cross-training, so these tools are already available in many organizations. Though college recruitment and mentoring have a bigger impact on diversity—perhaps because they activate engagement in the diversity mission *and* create intergroup contact—every bit helps. Self-managed teams and cross-training have had more positive effects than mandatory diversity training, performance evaluations, job testing, or grievance procedures, which are supposed to promote diversity.

The Downside of the Diversity Label

Why can mentoring, self-managed teams, and cross-training increase diversity without the backlash prompted by mandatory training? One reason may be that these programs aren't usually branded as diversity efforts. Diversity language in company policy can stress white men out, as researchers at UC Santa Barbara and the University of Washington found when they put young white men through a simulated job interview—half of them for a company that touted its commitment to diversity, and half for a company that did not. In the explicitly pro-diversity company, subjects expected discrimination against whites, showed cardiovascular distress, and did markedly worse in the taped interview.

Social accountability. The third tactic, encouraging social accountability, plays on our need to look good in the eyes of those around us. It is nicely illustrated by an experiment conducted in Israel. Teachers in training graded identical compositions attributed to Jewish students with Ashkenazic names (European heritage) or with Sephardic names (African or Asian heritage). Sephardic students typically come from poorer families and do worse in school. On average, the teacher trainees gave the Ashkenazic essays Bs and the Sephardic essays Ds. The difference evaporated, however, when trainees were told that they would discuss their grades with peers. The idea that they might have to explain their decisions led them to judge the work by its quality.

In the workplace you'll see a similar effect. Consider this field study conducted by Emilio Castilla of MIT's Sloan School of Management: A firm found it consistently gave African-Americans smaller raises than whites, even when they had identical job titles and performance ratings. So Castilla suggested transparency to activate social accountability. The firm posted each unit's average performance rating and pay raise by race and gender. Once managers realized that employees, peers, and superiors would know which parts of the company favored whites, the gap in raises all but disappeared.

Corporate *diversity task forces* help promote social accountability. CEOs usually assemble these teams, inviting department heads to volunteer and including members of underrepresented groups. Every quarter or two, task forces look at diversity numbers for the whole company, for business units, and for departments to figure out what needs attention.

After investigating where the problems are—recruitment, career bottlenecks, and so on—task force members come up with solutions, which they then take back to their departments. They notice if their colleagues aren't volunteering to mentor or showing up at recruitment events. Accountability

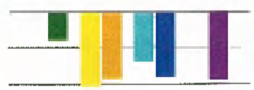
Which Diversity Efforts Actually Succeed?

In 829 midsize and large U.S. firms, we analyzed how various diversity initiatives affected the proportion of women and minorities in management. Here you can see which ones helped different groups gain ground—and which set them back, despite good intentions. (No bar means we can't say with statistical certainty if the program had any effect.)

POOR RETURNS ON THE USUAL PROGRAMS

The three most popular interventions made firms less diverse, not more, because managers resisted strong-arming.

MANDATORY DIVERSITY TRAINING for managers led to significant decreases for Asian-Americans and black women.



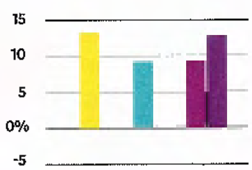
TESTING job applicants hurt women and minorities—but not because they perform poorly. Hiring managers don't always test everyone (white men often get a pass) and don't interpret results consistently.

GRIEVANCE SYSTEMS likewise reduced diversity pretty much across the board. Though they're meant to reform biased managers, they often lead to retaliation.

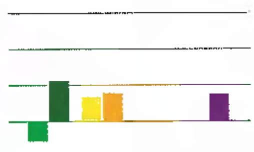
- White Men
- White Women
- Black Men
- Black Women
- Hispanic Men
- Hispanic Women
- Asian Men
- Asian Women

PROGRAMS THAT GET RESULTS

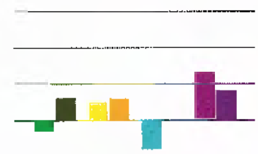
Companies do a better job of increasing diversity when they forgo the control tactics and frame their efforts more positively. The most effective programs spark engagement, increase contact among different groups, or draw on people's strong desire to look good to others.



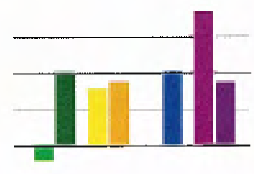
VOLUNTARY TRAINING doesn't get managers' defenses up the way mandatory training does—and results in increases for several groups.



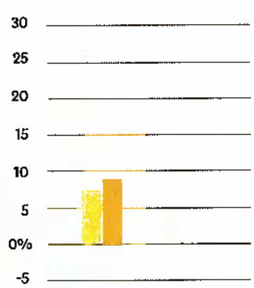
SELF-MANAGED TEAMS aren't designed to improve diversity, but they help by increasing contact between groups, which are often concentrated in certain functions.



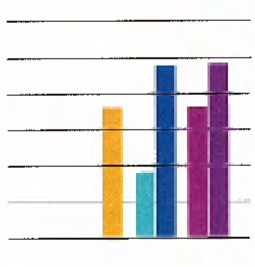
CROSS-TRAINING also increases managers' exposure to people from different groups. Gains for some groups appear to come at a cost to Hispanic men.



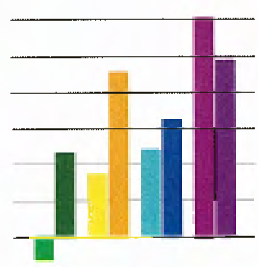
COLLEGE RECRUITMENT TARGETING WOMEN turns recruiting managers into diversity champions, so it also helps boost the numbers for black and Asian-American men.



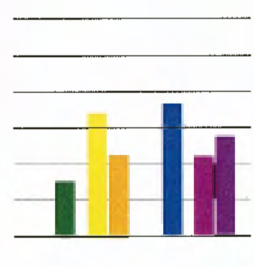
COLLEGE RECRUITMENT TARGETING MINORITIES often focuses on historically black schools, which lifts the numbers of African-American men and women.



MENTORING has an especially positive impact. Managers who sponsor women and minorities come to believe, through their increased contact, that their protégés deserve the training and opportunities they've received.



DIVERSITY TASK FORCES promote social accountability because members bring solutions back to their departments—and notice whether their colleagues adopt them.



DIVERSITY MANAGERS sometimes put ineffective programs in place but have a positive impact overall—in part because managers know someone might ask them about their hiring and promotion decisions.

NOTE: IN OUR ANALYSIS, WE'VE ISOLATED THE EFFECTS OF DIVERSITY PROGRAMS FROM EVERYTHING ELSE GOING ON IN THE COMPANIES AND IN THE ECONOMY.

theory suggests that having a task force member in a department will cause managers in it to ask themselves, "Will this look right?" when making hiring and promotion decisions.

Deloitte has seen how powerful social accountability can be. In 1992, Mike Cook, who was then the CEO, decided to try to stanch the hemorrhaging of female associates. Half the company's hires were women, but nearly all of them left before they were anywhere near making partner. As Douglas McCracken, CEO of Deloitte's consulting unit at the time, later recounted in HBR, Cook assembled a high-profile task force that "didn't immediately launch a slew of new organizational policies aimed at outlawing bad behavior" but, rather, relied on transparency to get results.

Once it was clear that top managers were watching, women started to get more premier assignments.

The task force got each office to monitor the career progress of its women and set its own goals to address local problems. When it became clear that the CEO and other managing partners were closely watching, McCracken wrote, "women started getting their share of premier client assignments and informal mentoring." And unit heads all over the country began getting questions from partners and associates about why things weren't changing faster. An external advisory council issued annual progress reports, and individual managers chose change metrics to add to their own performance ratings. In eight years turnover among women dropped to the same level as turnover among men, and the proportion of female partners increased from 5% to 14%—the highest percentage among the big accounting firms. By 2015, 21% of Deloitte's global partners were women, and in March of that year, Deloitte LLP appointed Cathy Engelbert as its CEO—making her the first woman to head a major accountancy.

Task forces are the trifecta of diversity programs. In addition to promoting accountability, they engage members who might have previously been cool to diversity projects and increase contact among the women, minorities, and white men who participate. They pay off, too: On average, companies that put in diversity task forces see 9% to 30% increases in the representation of white women and of each minority group in management over the next five years.

Diversity managers, too, boost inclusion by creating social accountability. To see why, let's go back to the finding of the teacher-in-training experiment, which is supported by many studies: When people know they *might* have to explain their decisions, they are less likely to act on bias. So simply having a diversity manager who could ask them questions prompts managers to step back and consider everyone who is qualified instead of hiring or promoting the first people who come to mind. Companies that appoint diversity managers see 7% to 18% increases in all underrepresented groups—except Hispanic men—in management in the following five years. Those are the gains after accounting for both effective and ineffective programs they put in place.

Only 20% of medium and large employers have task forces, and just 10% have diversity managers, despite the benefits of both. Diversity managers cost money, but task forces use existing workers, so they're a lot cheaper than some of the things that fail, such as mandatory training.

Leading companies like Bank of America Merrill Lynch, Facebook, and Google have placed big bets on accountability in the past couple of years. Expanding on Deloitte's early example, they're now posting complete diversity numbers for all to see. We should know in a few years if that moves the needle for them.

STRATEGIES FOR controlling bias—which drive most diversity efforts—have failed spectacularly since they were introduced to promote equal opportunity. Black men have barely gained ground in corporate management since 1985. White women haven't progressed since 2000. It isn't that there aren't enough educated women and minorities out there—both groups have made huge educational gains over the past two generations. The problem is that we can't motivate people by forcing them to get with the program and punishing them if they don't.

The numbers sum it up. Your organization will become less diverse, not more, if you require managers to go to diversity training, try to regulate their hiring and promotion decisions, and put in a legalistic grievance system.

The very good news is that we know what does work—we just need to do more of it. ▽

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WANT TO
READ YOUR
CUSTOMER'S
MIND?
TOO LATE.
SHE JUST
CHANGED IT.
ENGAGEMENT IS LIVE.
Understand and act on customer needs – live and in the moment. With a consistent, omnichannel experience. End to end. And customer-driven. Run live and run simple with SAP® Hybris® solutions.
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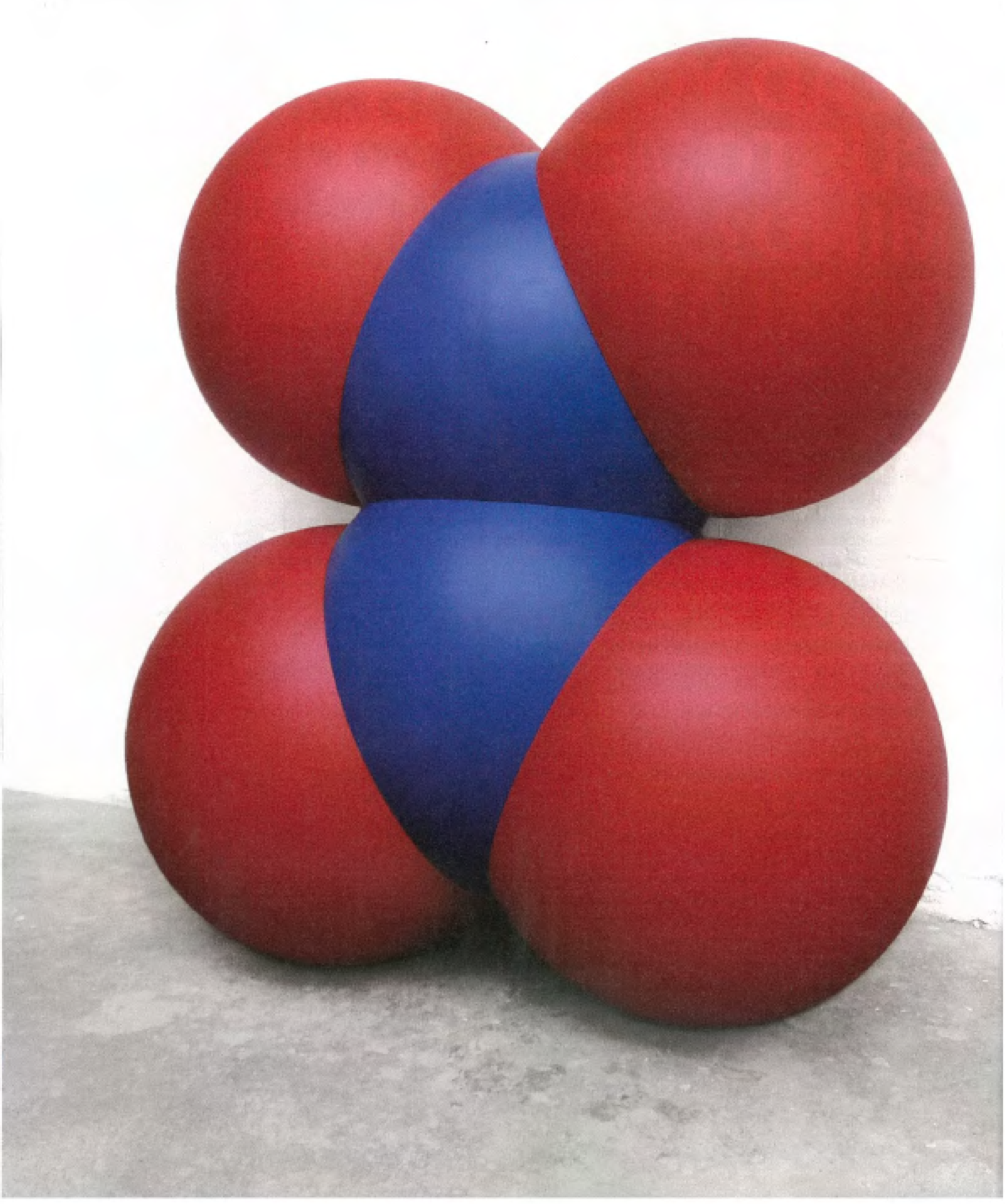
SPOTLIGHT INTERVIEW

ARTWORK
Roger Clarke, *Accidents Will Happen (dntt),* 2010
polyester resin, fiberglass, paint



Designing a Bias-Free Organization

It's easier to change your processes than your people.

AN INTERVIEW WITH IRIS BOHNET BY GARDINER MORSE

IRIS BOHNET THINKS firms are wasting their money on diversity training. The problem is, most programs just don't work. Rather than run more workshops or try to eradicate the biases that cause discrimination, she says, companies need to redesign their processes to prevent biased choices in the first place.

Bohnet directs the Women and Public Policy Program at the Harvard Kennedy School and cochairs its Behavioral Insights Group. Her new book, *What Works,* describes how simple changes—from eliminating the practice of sharing self-evaluations to rewarding office volunteerism—can reduce the biased behaviors that undermine organizational performance. In this edited interview with HBR senior editor Gardiner Morse, Bohnet describes how behavioral design can neutralize our biases and unleash untapped talent.

HBR: Organizations put a huge amount of effort into improving diversity and equality but are still falling short. Are they doing the wrong things, not trying hard enough, or both?

Bohnet: There is some of each going on. Frankly, right now I am most concerned with companies that want to do the right thing but don't know how to get there, or worse, throw money at the problem without its making much of a difference. Many U.S. corporations, for example, conduct diversity training programs without ever measuring whether they work. My colleague Frank Dobbin at Harvard and many others have done excellent research on the effectiveness of these programs, and unfortunately it looks like they largely don't change attitudes, let alone behavior. [See "Why Diversity Programs Fail," by Frank Dobbin, in this issue.]

I encourage anyone who thinks they have a program that works to actually evaluate and document its impact. This would be a huge service. I'm a bit on a mission to convince corporations, NGOs, and government agencies to bring the same rigor they apply to their financial decision making and marketing strategies to their people management. Marketers have been running A/B tests for a long time, measuring what works and what doesn't. HR departments should be doing the same.

Diversity training programs largely don't change attitudes, let alone behavior.

What would a diversity evaluation look like? There's a great classroom experiment that's a good model. John Dovidio and his colleagues at Yale evaluated the effect of an antibias training program on first and second graders in 61 classrooms. About half the classrooms were randomly assigned to get four weeks of sessions on gender, race, and body type with the goal of making the children more accepting of others who were different from them. The other half didn't get the training. The program had virtually no impact on the children's willingness to share or play with others. This doesn't mean you can't ever teach kids to be more accepting—just that improving people's inclination to be inclusive is incredibly hard. We need to keep collecting data to learn what works best.

So the point for corporations is to adopt this same methodology for any program they try. Offer the training to a randomly selected group of employees and compare their behaviors afterward with a control group. Of course, this would also mean defining success beforehand. For diversity training programs to go beyond just checking the box, organizations have to be serious about what they want to change and how they plan to evaluate whether their change program worked.

What does behavioral science tell us about what to do, aside from measuring success? Start by accepting that our minds are stubborn beasts. It's very hard to eliminate our biases, but we can design organizations to make it easier for our biased minds to get things right. HBR readers may know the story about how orchestras began using blind auditions in the 1970s. It's a great example of behavioral design that makes it easier to do the unbiased thing. The issue was that fewer than 10% of players in major U.S. orchestras were women. Why was that? Not because women are worse musicians than men but because they were perceived that way by auditioners. So orchestras started having musicians audition behind a curtain, making gender invisible. My Harvard colleague Claudia Goldin and Cecilia Rouse of Princeton showed that this simple change played an important role in increasing the fraction of women in orchestras to almost 40% today. Note that this didn't result from changing mindsets. In fact, some of the most famous orchestra directors at the time were convinced that they didn't need curtains because they, of all people, certainly focused on the quality of the music and not whether somebody looked the part. The evidence told a different story.

So this is good news. Behavioral design works. Yes, it does. The curtains made it easier for the directors to detect talent, independent of what it looked like. On the one hand, I find it liberating to know that bias affects everyone, regardless of their awareness and good intentions. This work is not about pointing fingers at bad people. On the other hand, it is of course also depressing that even those of us who are committed to equality and promoting diversity fall prey to these biases. I am one of those people. When I took my baby boy to a Harvard day care center for the first time a few years back, one of the first teachers I saw was a man. I wanted to turn and run. This *man* didn't conform to my expectations of what a preschool teacher looked like. Of course, he turned out to be a wonderful caregiver who later became a trusted babysitter at our house—but I couldn't help my initial gut reaction. I was sexist for only a few seconds, but it bothers me to this day.

Seeing is believing. That is, we need to actually see counterstereotypical examples if we are to change our minds. Until we see more male kindergarten teachers or female engineers, we need behavioral designs to make it easier for our biased minds to get things right and break the link between our gut reactions and our actions.

What are examples of good behavioral design in organizations? Well, let's look at recruitment and talent management, where biases are rampant. You can't easily put job candidates behind a curtain, but you can do a version of that with software. I am a big fan of tools such as Applied, GapJumpers, and Unitive that allow employers to blind themselves to applicants' demographic characteristics. The software allows hiring managers to strip age, gender, educational and socioeconomic background, and other information out of résumés so they can focus on talent only.

There's also a robust literature on how to take bias out of the interview process, which boils down to this: Stop going with your gut. Those unstructured interviews where managers think they're getting a feel for a candidate's fit or potential are basically a waste of time. Use structured interviews where every candidate gets the same questions in the same order, and score their answers in order in real time.

You should also be thinking about how your recruitment approach can skew who even applies. For instance, you should scrutinize your job ads for language that unconsciously discourages either men or women from applying. A school interested in attracting the best teachers, for instance, should avoid characterizing the ideal candidate as "nurturing" or "supportive" in the ad copy, because research shows that can discourage men from applying. Likewise, a firm that wants to attract men and women equally should avoid describing the preferred candidate as "competitive" or "assertive," as research finds that those characterizations can discourage female applicants. The point is that if you want to attract the best candidates and access 100% of the talent pool, start by being conscious about the recruitment language you use.

What about once you've hired someone? How do you design around managers' biases then? The same principle applies: Do whatever you can to take instinct out of consideration and rely on hard data. That means, for instance, basing promotions on someone's objectively measured performance rather than the boss's feeling about them. That seems obvious, but it's still surprisingly rare.

Be careful about the data you use, however. Using the wrong data can be as bad as using no data. Let me give you an example. Many managers ask their reports to do self-evaluations, which they then use as part of their performance appraisal. But if employees differ in how self-confident they are—in how comfortable they are with bragging—this will bias the manager's evaluations. The more self-promoting ones will give themselves better ratings. There's a lot of research on the anchoring effect, which shows that we can't help but be influenced by numbers thrown at us, whether in negotiations or performance appraisals. So if managers see inflated ratings on a self-evaluation, they tend to unconsciously adjust their appraisal up a bit. Likewise, poorer self-appraisals, even if they're inaccurate, skew managers' ratings downward.

This is a real problem, because there are clear gender (and also cross-cultural) differences in self-confidence. To put it bluntly, men tend to be more overconfident than women—more likely to sing their own praises. One meta-analysis involving nearly 100 independent samples found that men perceived themselves as significantly more effective leaders than women did when, actually, they were rated by others as significantly *less* effective. Women, on the other hand, are more likely to underestimate their capabilities. For example, in studies, they underestimate how good they are at math and think they need to be better than they are to succeed in higher-level math courses. And female students are more likely than male students to drop courses in which their grades don't meet their own expectations. The point is, do not share self-evaluations with managers before they have made up their minds. They're likely to be skewed, and I don't know of any evidence that having people share self-ratings yields any benefits for employees or their organizations.

But it's probably not possible to just eliminate all managerial activities that allow biased thinking. Right. But you can change how managers do these things. One message here is to examine whether practices that we thought were gender-neutral in fact lead to biased outcomes. Take the SAT, for example. Your score shouldn't have been affected by whether you're male or female. But it turns out it was. The test once penalized students for incorrect answers in multiple-choice questions. That meant it was risky to guess. Research by Katie Baldiga Coffman of Ohio State University shows that this matters, especially for women. Among equally able test takers, male students are more likely to guess, while female students are more likely to skip questions, fearing the penalty and thus ending up with lower scores. Katie's research reveals that gender differences in willingness to take risk account for about half of the gender gap in guessing. An analysis of the fall 2001 mathematics SAT scores suggests that this phenomenon alone explains up to 40% of the gap between male and female students in SAT scores. The 2016 SAT has been redesigned so that it doesn't penalize for incorrect answers. Taking risk out of guessing means that different appetites for risk taking will no longer affect students' final scores. This can be expected to level the playing field for male and female students.

Notice that the new SAT doesn't focus on changing the students' mindsets about risk but instead corrects for different risk tolerances. After all, the test is meant to measure aptitude, not willingness to take risk. Organizations should take a page from this book: Look around and see whether your practices by design favor one gender over the other and discourage some people's ability to do their best work. Do meetings, for example, reward those most willing to hold forth? If so, are there meeting formats you can use that put everyone on an equal footing?

How can firms get started? Begin by collecting data. When I was academic dean at the Harvard Kennedy School, one day I came to the office to find a group of students camped out in front of my door. They were concerned about the lack of women on the faculty. Or so I thought. Much to my surprise, I realized that it was not primarily the number of female faculty that concerned them but the lack of role models for female students. They wanted to see more female leaders—in the classroom, on panels, behind the podium, teaching, researching, and advising. It turns out we had never paid attention to—or measured—the gender breakdown of the people visiting the Kennedy School.

So we did. And our findings resembled those of most organizations that collect such data for the first time: The numbers weren't pretty.

Here's the good news. Once you collect and study the data, you can make changes and measure progress. In 1999, MIT acknowledged that it had been unintentionally discriminating against female faculty. An examination of data had revealed gender differences in salary, space, resources, awards, and responses to outside offers. The data had real consequences. A follow-up study, published in 2011, showed that the number of female faculty in science and engineering had almost doubled, and several women held senior leadership positions.

Companies can do their own research or turn to consultants for help. EDGE, where I serve as a scientific adviser, is a Swiss foundation and private company that helps organizations across the sectors measure how well they do in terms of gender equality. A firm named Paradigm is another. I came across it when I was speaking with tech firms in Silicon Valley and San Francisco. It helps companies diagnose where the problems are, starting by collecting data, and then come up with possible solutions, often based on behavioral designs.

For beliefs to change, people's experiences have to change first.

You said that "seeing is believing." But given the lack of senior female role models in organizations, what else can we do? About a decade ago we noticed that of all the portraits of leaders on the walls of the Kennedy School, exactly zero were of women. The portraits we display affect what our employees and our students believe possible for themselves. I can attest that it was not our intention to signal to fully half of our students that they were not made to be leaders. Rather, this was done unthinkingly. Since then we have added new portraits, including Ida B. Wells, the U.S. civil rights activist and suffragist, and Ellen Johnson Sirleaf, the president of Liberia, winner of the Nobel Peace Prize, and a graduate of the Kennedy School.

You argue that it's often a waste of time to try to debias people—but hanging portraits of women seems like a strategy to actually change individuals' perceptions. I am not arguing that mindsets can never change. But what we generally find is for beliefs to change, people's experiences have to change first. Being surrounded by role models who look like you can affect what you think is possible for people like you. Sapna Cheryan of the University of Washington, for example, has shown that decorations in a computer science classroom can affect performance. Replacing the male-dominated *Star Wars* and *Star Trek* images with gender-neutral art and nature pictures strengthened female students' associations between women and careers in computer science. In another study, women who were shown a picture of Hillary Clinton or Angela Merkel before giving a public speech did objectively better than those who were shown a picture of Bill Clinton or no picture at all. So what do we do with our boardrooms and hallways that celebrate our (male focused) history? When asked this question at a recent talk I gave at the Organization for Economic Cooperation and Development, I answered that, sometimes, we have to "hurry history." I think that presidents John and John Quincy Adams, spouse and son of the thought leader and First Lady, Abigail Adams, would be proud that her portrait now is on Harvard's walls—and of course, its presence makes a big difference to our female students.

Men may resist organizational changes favoring women because they view gender equality as zero sum—if women win, men lose. How then do you enlist men as agents of change? Few men oppose the idea of benefiting from the entire talent pool—at least in theory. But some are concerned about actually leveling the playing field. In practice, of course, the blind auditions in orchestras have increased competition for male musicians. And the inclusion of women affects competition for men in all jobs. I understand that increased competition can be painful, but I am too much of an economist to not believe in the value of competition. There is no evidence that protectionism has served the world well.

Enlisting men is partly about helping them to see the benefits of equality. Fathers of daughters are some of the strongest proponents of gender equality, for obvious reasons, so they can be particularly powerful voices when it comes to bringing other men along. Research on male CEOs, politicians, and judges shows that fathers of daughters care more about gender equality than men without children or with only sons. I would urge fathers of daughters to be outspoken in their own organizations and to advocate for equality not just as a broad goal, but to actively help drive the changes I describe here—collecting baseline organizational data, promoting experiments, measuring what works, changing processes to limit the impact of our biased minds and level the playing field, and so on.

A big part is, simply, continued awareness building—not just of the problem but also of the solutions available to organizations. I recently gave a talk on Wall Street to an audience that was male. I started by inviting people with children to raise their hands. Then I asked those with daughters to raise their hands. Many hands were up. I told them that this made my job easy as some of my biggest allies were in the room. It broke the ice, especially when I told the audience that my husband and I only have sons—who are great feminists, I might add, and in small ways have already brought behavioral insights to their school by reminding the principal to refer to teachers in general as both "he" and "she."

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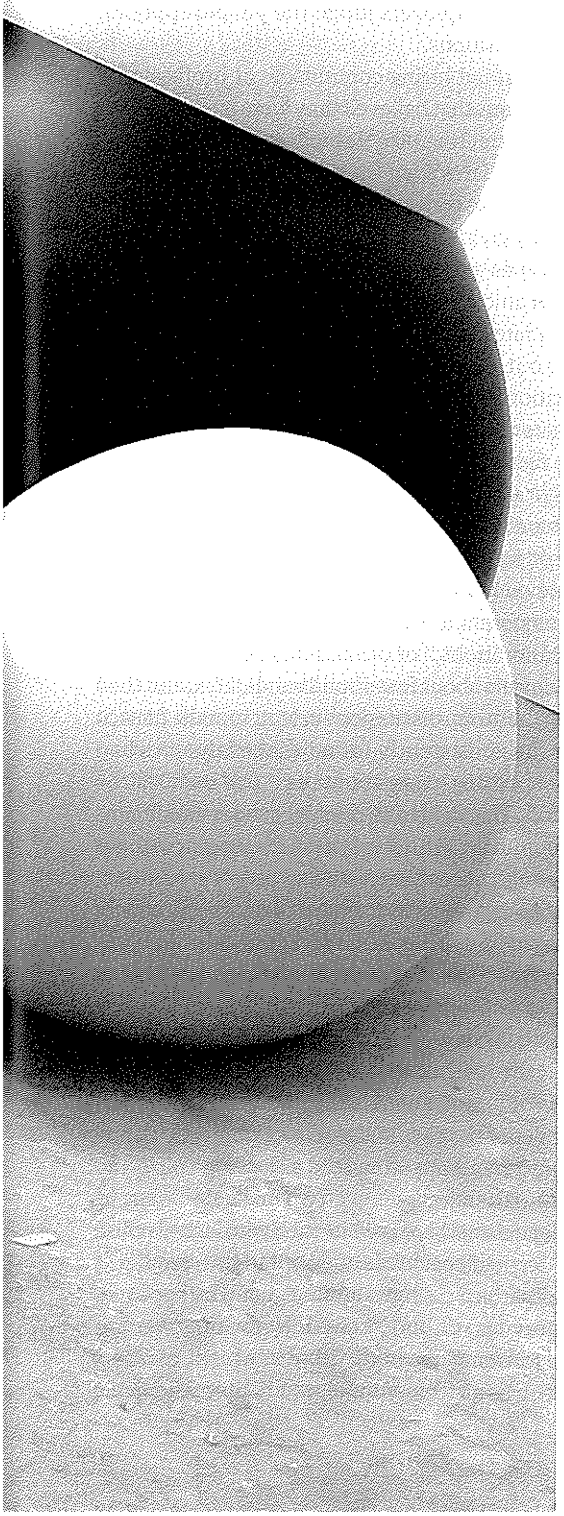
SPOTLIGHT

ARTWORK Roger Clarke, *The Deadliest Toxins (dmm)*, 2009
Polyester resin, fiberglass, varnish

Lisa Burrell is a senior editor at HBR.



We Just Can't Handle Diversity

A research roundup

BY LISA BURRELL

IT'S HARD TO ARGUE WITH THE BENEFITS OF DIVERSITY, given the decades' worth of studies showing that a diverse workforce measurably improves decision making, problem solving, creativity, innovation, and flexibility.

Most of us also believe that hiring, development, and compensation decisions should come down to who deserves what. Although the two ideas don't seem contradictory, they're tough to reconcile in practice. Cognitive roadblocks keep getting in the way.

The Trouble with Merit

While merit sounds like an easy, obvious filter for talent decisions, it's anything but. We believe we know good talent when we see it, yet we usually don't—we're terrible at evaluating people objectively. That's why orchestras started holding blind auditions decades ago. It's why today algorithms often make smarter hires than people do. It's why so many companies are searching for alternatives to traditional performance reviews. Even (and especially) when leaders proclaim a commitment to fairness in their organizations, stereotypes cause them to evaluate and treat equal performers differently, as Emilio Castilla, of MIT, and Stephen Benard, of Indiana University, have demonstrated in their well-known research on the "paradox of meritocracy."

What's tripping us up? Robert H. Frank, a Cornell economist and the author of *Success and Luck,* provides one explanation: We just don't *see* the large role that chance events play in people's life trajectories. If someone lands a great job and makes lots of money, we interpret those outcomes as evidence of smarts and hard work. (We look at our own lives the same way.) As for those who don't thrive? Well, we tell ourselves, maybe they've caught a bad break here and there, but they could turn things around if they tugged on their bootstraps a bit harder.

If those in power think this world is basically fair and just, they won't even recognize—much less worry about—systemic unfairness. Frank talks about inequity mostly in socioeconomic terms, but the implications for underrepresented demographic groups are clear. He dips in and out of the abundant social science findings suggesting that good fortune accounts for a great deal of success, and that we're hell-bent on believing otherwise. Framing effects, or our immediate points of reference (living in suburbia or attending a posh school, for instance), shape how we perceive haves and have-nots in the wider world. Hindsight bias causes us to believe that random events are predictable and to manufacture explanations for the inevitability of our achievements. And winner-take-all markets—where "rewards tend to be highly concentrated in the hands of a few top performers"—intensify the consequences of our cognitive shortcuts.

Of course, believing that merit will be justly rewarded can come in handy for individuals. As Frank notes, it's easier to muster the energy to overcome obstacles if you feel you're on a well-earned, reasonably certain path to high achievement and if you have an inflated sense of your own abilities. But, he says, this mindset also keeps people from investing in public solutions that expand the economic pie for everyone. Perhaps the biggest reason we cling to it is that when it's challenged, *we* feel attacked—as if our talent and effort are being dismissed. Talent and effort matter quite a bit, Frank acknowledges. But very often they're not enough to ensure success. Changes in public policy and a dose of gratitude can help rectify inequities, he says—but we're a far cry from living and working in a meritocracy, because our view of merit is so flawed.

In her book *Pedigree,* Lauren Rivera, of Northwestern University, also examines how we understand and evaluate merit and finds it to be a moving target. But where Frank applies a "macro" lens to society, Rivera looks specifically at how students from elite schools and backgrounds get elite jobs—and at how employers judge the people applying for those positions.

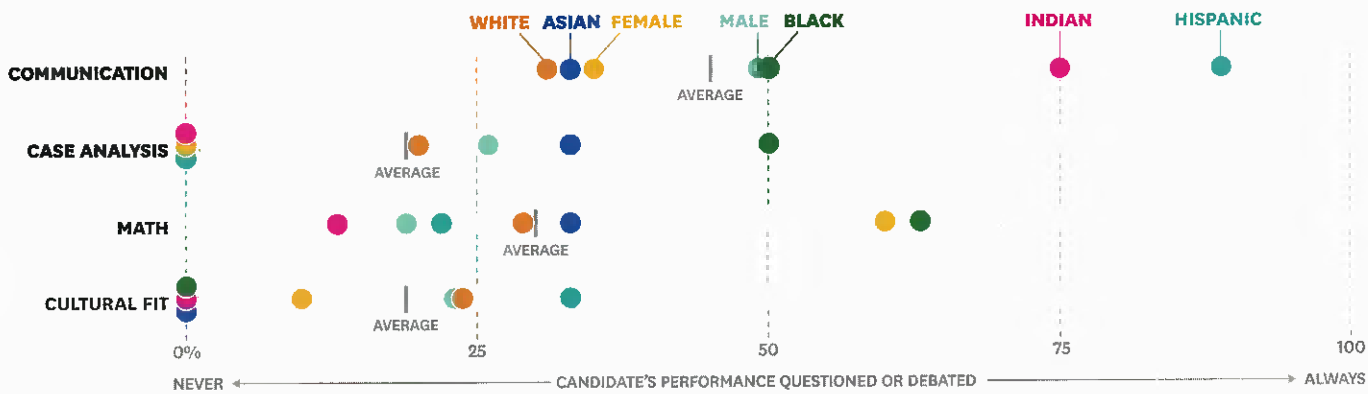
She studied hiring committees at professional services firms that believed they were ensuring rigor and counteracting bias through group discussions of job candidates from the school-recruitment pipeline. But those conversations actually dampened diversity by giving negative racial, ethnic, and gender stereotypes greater sway over decisions—particularly "in ambiguous situations, where the quality of a candidate [was] not clear." In those cases, Rivera points out, "stereotypes served as an unconscious navigational system, guiding interviewers' attention to where they should focus and look for clues in order to figure out if the candidate did or did not have the right stuff." This gave evaluators "a common lens and shared language" when they didn't immediately agree on someone's value to the organization.

One consulting firm invited Rivera to sit in at various points in the selection process—first during "calibrations," or discussions between pairs of interviewers about first-round candidates, and then during the group discussions in later rounds. At each stage she consistently found that evaluators had little or nothing to say about the "rock stars" or the "rejects." They deliberated mainly about candidates in the middle, which is where stereotypes about women and minorities came into play.

In the calibrations, the most common criteria for moving candidates from the middle to either the "yes" or the "no" pile were communication skills (referred to as "polish"), analysis of a sample business case, the math used to support that analysis, and cultural fit. But the interviewers weighed and judged those criteria differently depending on the race, ethnicity, or gender of the candidates. For example, black and Hispanic men were often seen as lacking polish and moved to the reject pile, even when they were strong in other areas, whereas white men who lacked polish were deemed coachable and kept in the running. A similar pattern emerged among men who appeared shy, nervous, or understated: Nonwhites were rejected for being unassertive, but in whites, modesty was seen as a virtue. Among candidates who made

INCONSISTENT LEVELS OF SCRUTINY

When Northwestern professor Lauren Rivera sat in on one firm's "calibrations" (interviewers' discussions about first-round job candidates), she found remarkable discrepancies linked to race, ethnicity, and gender. This table shows the demographic breakdown of 73 candidates whose performance was questioned or debated in four critical areas: communication skills ("polish"), sample business case analysis, math, and cultural fit.



SOURCE *PEDIGREE* (PRINCETON UNIVERSITY PRESS, 2015)

minor mistakes in math, women were rejected for not having the right skills, and men were given a pass—interviewers assumed they were having an "off" day. (See "Why Diversity Programs Fail," in this issue.)

Somewhat predictably, when discussing final decisions, evaluators shifted their focus away from the candidates' performance and toward personal chemistry and gut instinct—their "feel" for people took over. They barely discussed technical skill toward the end unless they were evaluating women, particularly those in banking.

Nodding to the sociologist Randall Collins's argument that "emotion is a critical basis of social sorting, selection, and stratification," Rivera found that candidates in the "maybe" pool ultimately needed a passionate champion on the hiring committee in order to receive an offer. And evaluators advocated most fervently for people who were most like them. Perhaps because women and minorities were more vulnerable in their status at the firm, they championed fewer people than white men did—they chose their battles, as one female evaluator put it. (There's something to that reluctance. As Stefanie Johnson and David Hekman, of the University of Colorado, have found in their field and lab research, women and minorities who actively push for diversity are punished by their organizations—they get lower performance ratings than those who don't. Men who promote diversity don't suffer the same penalty.)

So, with white men doing most of the championing and having the greatest influence during deliberations, candidates' similarities to interviewers tilted the playing field heavily in favor of "white, affluent, athletic graduates of super-elite institutions." Similarity to evaluators who deviated from that norm sometimes helped women or minorities land a role—but those were isolated cases.

The Trouble with Diversity

As Rivera suggests, the hiring conversations at the consulting firm were ultimately more about reaching consensus than about vetting people accurately. To fix that kind of conceptual problem, it's necessary to sort out (at least somewhat objectively) what constitutes merit in a given context. Assuming that's possible, and that we can send our biases packing (a gigantic *if* when we consider how stubborn they are), will diversity naturally follow?

That's difficult to say, since we don't agree on how to define it. According to one Deloitte study, Millennials think of diversity and inclusion as valuing open participation by employees with different perspectives and personalities. In contrast, older workers think of it as equitable representation and assimilation of people from different demographic groups.

Even if we stick with the second, more traditional definition, how can we set goals and track our progress? As Ashleigh Shelby Rosette, of Duke University, pointed out at Wharton's 2016 People Analytics Conference, we tend to boil things down into tidy dichotomies—male/female, white/black, dominant/minority, and so on. But reality is a lot messier than that. No one is just female, or just black, or just Muslim. Each person is "a whole package of interlocking attributes," Rosette said, and that's a lot harder to analyze and balance in an organization.

Further complicating matters, rhetorical framing skews how people perceive power. Rosette and her colleague Leigh Plunkett Tost, of the University of Michigan, discussed this dynamic in their *Psychological Science* article "Perceiving Social Inequity." In general, describing inequities as privileges for certain groups (rather than disadvantages for others) gets our defenses up. Much like the notion of dumb luck that Frank writes about, it damages our self-image—haven't we *earned* what we've got?—and makes us not want to see or rectify the problem.

Plus, power is variable for members of any group. People can have high status on some social-hierarchy dimensions but low status on others. That mix, Rosette and Tost's research shows, may help individuals recognize the privileges they enjoy as part of a dominant group, as long as they also believe they've experienced disadvantages as members of other, subordinate groups (and thus can identify with people who feel disadvantaged in comparison with them). White women overall, for instance, are more likely than white men to view themselves as beneficiaries of racial privilege; they get it because they, too, have had to deal with discrimination.

Senior leaders need to recognize their organizations' inequities—probably more than anyone else, since they have the power to make changes. But once they've climbed to their positions, they usually lose sight of what they had to overcome to get there. As a result, Rosette and Tost find, "they lack the motivation and perspective to actively consider the advantages that dominant-group members experience." This is especially true of successful white women, who "reported [even] lower perceptions of White privilege than did highly successful White men." It's fascinating that their encounters with sexism don't help them identify racial advantage after they've gotten ahead. Perhaps, the authors suggest, their hard-earned status feels so tenuous that they reflexively tighten their grip.

Beyond murkily defined concepts and somewhat defensive motivations, we have an even-higher-level conceptual obstacle to overcome: our bias against diversity itself. Recent research by Ohio State University's Robert Lount Jr. and colleagues (Oliver Sheldon, of Rutgers; Floor Rink, of Groningen; and Katherine Phillips, of Columbia) shows that we assume diversity will spark interpersonal conflict. Participants in a series of experiments all read, watched, or listened to the exact same conversations among various groups. They consistently perceived the all-black or all-white groups as more harmonious than those with a combination of blacks and whites.

If we expect people to behave less constructively when they're in diverse organizations or teams, how do we interpret and reward their actual performance? Under the influence of those flawed expectations? Quite possibly.

So, Is It Hopeless?

According to the renowned behavioral economist Daniel Kahneman, trying to outsmart bias at the individual level is a bit of a fool's errand, even with training. We are fundamentally overconfident, he says, so we make quick interpretations and automatic judgments. But organizations think and move much more slowly. They actually stand a chance of improving decision making.

Research by John Beshears and Francesca Gino, of Harvard Business School, supports that line of thought. As they have written in HBR, "It's extraordinarily difficult to rewire the human brain," but we can "alter the environment in which decisions are made." This approach—known as choice architecture—involves mitigating biases, not reversing them, and Beshears and Gino have found that it can lead to better outcomes in a wide range of situations. The idea is to deliberately structure how you present information and options: You don't take away individuals' right to decide or tell them what they should do. You just make it easier for them to reach more-rational decisions. (For more on this idea, also see "Designing a Bias-Free Organization," an interview with Harvard behavioral economist Iris Bohnet, in this issue.)

There's still an element of manipulation here: The organization sets the stage for certain kinds of choices. But that brings us back to what most of us can agree on, at least in the abstract: Diversity improves performance, and people who apply themselves and do good work should be treated fairly.

If the members of an organization could get behind those broad ideas, would it bother them that they were being nudged to do what they wanted to do anyway? It might—and that would be another cognitive roadblock to clear. ▽

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