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**featured topic**  
diversity in the workplace

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Morela Hernandez, Craig R. Fox & Sim B Sitkin

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Editorial policy

In this issue of *Behavioral Science & Policy*, we continue to explore topics of current concern through articles we refer to as “field reviews”—comprehensive overviews of emerging literatures with a keen focus on advancing practice as well as scholarship and an emphasis on field studies. The field reviews in this issue propose new insights on how business and society can address matters relating to well-being, empowerment, and equity.

The first field review questions the perennial emphasis that nations place on economic indicators to gauge social progress. Carol Graham and Sara MacLennan argue that measures of subjective well-being are often overlooked, to the detriment of national and personal prosperity. The authors discuss how data that capture people’s own assessments of their happiness, satisfaction, and sense of purpose can uniquely inform policy decisions. Their review also helpfully provides myriad examples of how governments and organizations can expand and implement new metrics to more holistically assess economic and social policy goals.

The second field review focuses on the role of leaders in organizations. Bradley Kirkman, Gilad Chen, and John Mathieu develop a robust synthesis and analysis of the topic of empowerment. Bringing together the vast but often disjointed literature on empowerment, these authors propose empirically based, practical recommendations for developing empowering initiatives and behavior.

Finally, a set of field reviews makes up our Spotlight Topic Forum on Diversity in the Workplace. They tackle equity-related issues in U.S. legal structures by examining the historical origins of systemic inequality. These articles highlight the downstream effects that prejudice and discrimination can have on managerial decisionmaking. They inform

possible approaches to improving training and management practices. Each field review is followed by a commentary to further deepen the exploration of the topics under examination.

Thus, in the third article in this issue, Quinetta Roberson, Eden King, and Mikki Hebl evaluate the types of interventions that have been implemented in the past to address issues of diversity in the workplace. Specifically, the authors review four categories of interventions: affirmative action practices, targeted human resource management, diversity training, and accountability and transparency practices. They utilize this summary as a platform to suggest system-level changes. This field review is followed by a commentary by Courtney L. McCluney, who deepens the analysis by considering the role of intersectionality in advancing interventions. McCluney notes how important it is to consider “how diversity policies affect people who belong to multiple disadvantaged groups”; failure to do so, she says, “will perpetuate inequalities rather than eliminate them.”

The fourth field review takes a deeper dive into the effectiveness of one common intervention: anti-bias training in organizations. Evelyn R. Carter, Ivuoma N. Onyeador, and Neil A. Lewis, Jr., shed light on the training challenges often faced by organizations and provide evidence-based recommendations for improving training practices. A commentary by Derek R. Avery invites consideration of the need for schools to develop diversity-related competencies in young people before they enter the workplace. Avery issues a call to action for employers to partner with educational institutions, urging corporations to stop being mere “consumers of secondary and postsecondary educational systems” and to become actively engaged in how individuals (that is, potential future employees) develop “beliefs about specific social-identity groups and diversity in general.”



The last field review examines how past academic investigations have fallen short of addressing the workplace realities of instituting diversity practices. Specifically, Daan van Knippenberg, Lisa N. Nishii, and David J. G. Dwertmann review and integrate previous research to explain how teams can invite synergies from diverse members while mitigating the inevitable tensions that arise from differences. Their analysis produces a road map for managers to follow in generating the team conditions that favor performance benefits from diversity, implementing diversity management practices, and assessing the intended effects of these initiatives. Jasmien Khattab's commentary underlines the importance of communication in this process. She notes that "organizational communications relating to diversity [should be] inclusive and focused on the benefits to teams or the larger organization." If employees perceive

a lack of skill in communicating about diversity or inauthenticity in these messages, Khattab cautions, the credibility of diversity initiatives could be undermined.

We hope you find this issue's collection of field reviews valuable; in different ways, each addresses a pathway to advancing social welfare and progress. Considering the most recent worldwide reckoning with systemic racism, we also hope that the Spotlight Topic Forum on Diversity in the Workplace will provide timely, consequential insights for decisionmakers in policy and business.

Thank you for your readership. We look forward to receiving your feedback on this issue and suggestions for future issues of *Behavioral Science & Policy*.



Morela Hernandez  
Spotlight Editor



Craig R. Fox & Sim B. Sitkin  
Founding Co-Editors





# Policy insights from the new science of well-being

Carol Graham & Sara MacLennan

## abstract

Nations routinely assess economic and social progress by measuring productivity, growth, longevity, and other objective indicators, and they then use the measures to guide policy. Yet the classic metrics do not directly assess an important goal of economic and social policies: improvements in people's own evaluations of their well-being. Improving people's feelings of well-being is important in its own right and can lead to enhanced personal and national economic prosperity. Today, governments at all levels—as well as businesses and community organizations—are increasingly complementing the standard measures with data from surveys that ask respondents about their day-to-day happiness, overall satisfaction with life, and sense of purpose. In this article, the authors describe many examples of how governments and other organizations are applying these measures of subjective well-being to inform and improve policy decisions.

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Graham, C., & MacLennan, S. (2020). Policy insights from the new science of well-being. *Behavioral Science & Policy*, 6(1), 1–20.

When companies have trouble retaining their high-performing employees, their standard response is to raise the workers' salaries. Yet research on people's own assessments of their well-being suggests that this purely economic approach might not be the most effective strategy. It turns out that the joy of receiving a raise is short-lived. In contrast, having autonomy in the workplace and doing meaningful work both engender longer lasting satisfaction with life and higher worker productivity.<sup>1</sup>

## Core Findings

### What is the issue?

States and organizations are increasingly realizing that traditional measures of economic and social progress are no longer sufficient to capture overall well-being. To address this, decisionmakers are complementing traditional measures with data that emphasize *hedonic*, *evaluative*, and *eudaimonic* subjective well-being. Doing so effectively allows for a more holistic evaluation of progress.

### How can you act?

Selected recommendations include:

- 1) Measuring and monitoring well-being on different dimensions to identify issues needing attention
- 2) Utilizing measures of subjective well-being in cost-benefit and cost-effectiveness analyses
- 3) Focusing on the creation of high-quality rather than strictly high-paying employment

### Who should take the lead?

Governments and organizations

Making a similar error on a larger scale, nations around the world have historically measured their economic and social progress using objective indicators—such as gross domestic product, unemployment rates, and mortality rates—and have focused their policies on improving those outcomes. Yet, by focusing primarily on standard metrics, they miss an important aspect of success: whether people end up more satisfied with their lives because of those policies. Aside from being an important goal of its own, improvements in people's sense of well-being can help to fuel their longevity as well as their personal and their nation's economic success.<sup>2,3</sup> For those reasons, decisionmakers would be wise to complement standard objective measures with measures of subjective well-being—that is, with data obtained by directly asking people how they feel about their lives.

An example of how standard metrics can miss important trends (at high cost for many nations around the world) is the paradox of unhappy growth: Surprisingly, as some countries become more prosperous, the average life satisfaction of their citizens declines. In the 1990s, when China achieved record levels of growth and poverty reduction, life satisfaction fell dramatically and suicides and reports of mental health problems increased.<sup>4,5</sup> India's dramatic growth and poverty reduction from 2006 to 2017 coincided with a 10% drop in life satisfaction in the same period. India also leads the world in absolute numbers of suicides.<sup>2</sup> In the United States, standard indicators tell a story of booming stock markets, record lows in the unemployment rate, and impressive technological advances. Yet

these trends coexist with less sunny statistics: 20% of prime-working-age males dropping out of the labor force; increases in the number of deaths from despair (from suicide, drug overdose, and alcohol-related liver disease) among non-Hispanic Whites with less than a college education (leading to rises in overall mortality rates); and high levels of desperation, stress, and anger in these same cohorts.<sup>2,6</sup>

The United Kingdom is a pioneer in systematically measuring well-being. About 10 years ago, it launched the Measuring National Well-being program, which conducts surveys that ask people to rate their day-to-day happiness, feelings of anxiety, satisfaction with life, and sense of purpose. Other nations—as well as governments at different levels, businesses, and civic organizations—are also beginning to combine

## Basics

Surveys of well-being directly ask people how they feel about their lives and reveal what is important to them—information that objective indicators of progress can miss. This subjective information is useful for designing, assessing, and setting priorities for policies.

The surveys reveal how people are actually affected by experiences, which often differs from how they think they will be affected.

Trustworthy methods for conducting well-being surveys have been developed. They examine one or more of the three dimensions of well-being: *hedonic* (moods and emotions experienced during daily activities), *evaluative* (feelings of satisfaction with life as a whole), or *eudaimonic* (a sense of having a purpose in life).

Best practices suggest assessing all three dimensions when possible.

Findings from well-being research often depart from standard economic assumptions. For instance:

- People's relative position can matter more than their absolute position.
- Well-being is affected by how people's aspirations compare with what they actually get.
- People adapt to many life events, such as increases in income, a bigger house, and a new car, so that the joy ultimately wears off. They also adapt to negative changes in life.

subjective well-being metrics with more standard ones.

The spread of the approach has been made possible in part by the success of behavioral economics, which taught economists and policymakers the value of considering people's feelings and nonrational thought processes when designing and implementing interventions. Today, economists are complementing their understanding of unconscious processes in decisionmaking with explicit measures of people's feelings as they participate in economic activities and other aspects of their lives.

Efforts to systematically measure people's self-reported well-being are grounded in a wide body of robust evidence showing that the self-reports capture different information from that obtained through classic methods of assessing social welfare. The classic methods look at stated and revealed preferences: They ask people what they think will make them happy or observe their actions (such as tracking what they buy). Surveys in which large numbers of respondents were asked to rate their well-being have shown, however, that what people think will make them happy is not necessarily what actually makes them happy. Nor do actions, such as the jobs people take or the neighborhoods they move to, always reveal true preferences. As a result, subjective well-being metrics often do a better job of revealing what truly matters to people.

Subjective well-being metrics give decision-makers the opportunity to adjust policies so that the policies support a population's emotional welfare while also meeting standard objectives, such as increasing employment, reducing poverty, and enhancing longevity. Yet what do assessment and application of subjective well-being metrics look like in practice? How can policies or programs be adjusted to support a population's feelings of well-being?

In this article, we focus on numerous examples, accepting that there are many more around the world that we cannot cover in this brief review. We start with a succinct overview of the methodology for assessing subjective well-being and

some key findings from the research. We next highlight selected policy applications and strategies for effective implementation.

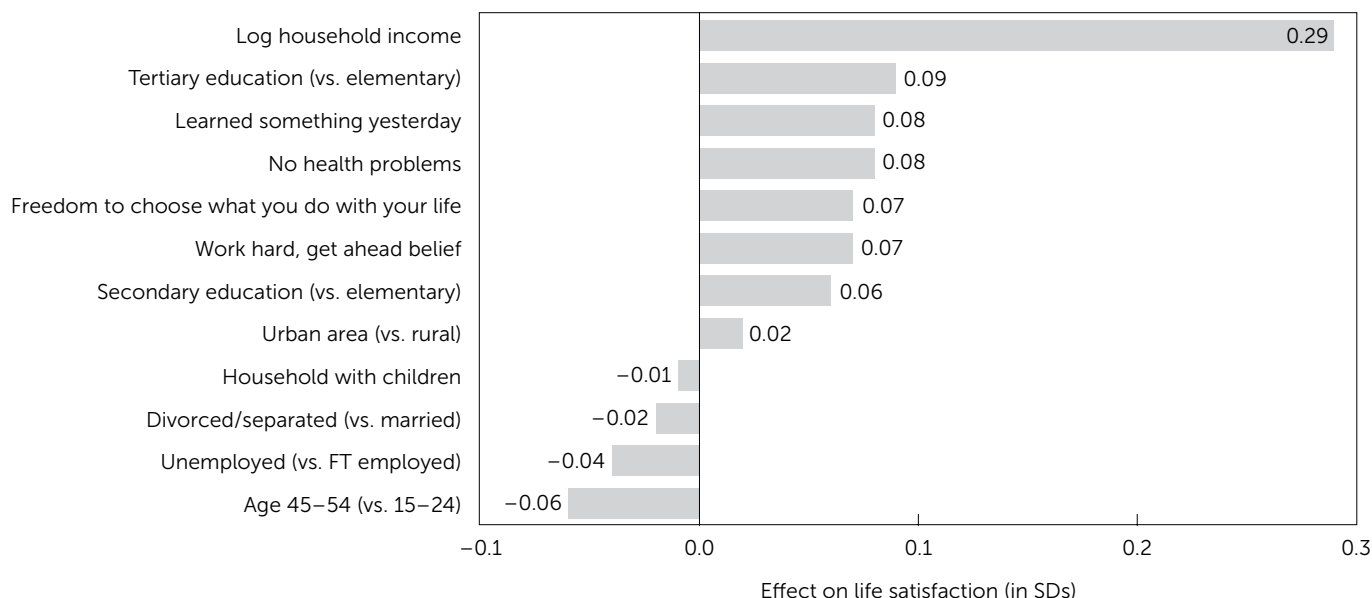
Of course, improving people's incomes and health can increase happiness and satisfaction with life, but we argue that administering well-being surveys uncovers influences on daily or overall happiness that are not captured by standard economic analyses. Among these influences are the lengths and difficulties of commutes, access to green spaces, and opportunities to better integrate into one's community. In the balance of this article, we refer to measures of subjective well-being simply as *well-being metrics*, except where a qualifier is needed for clarity.

## Background: Research Methods & Findings

Most economists were initially skeptical that well-being research could be trusted, but many changed their views when a growing body of academic work based on large surveys uncovered remarkably consistent patterns across individuals, countries, and time. Psychological and biological measures of well-being also validated the survey responses.<sup>7</sup> For instance, test results revealing high levels of cortisol, a hormone that becomes elevated when individuals are stressed, correlated with self-reports of anxiety.

As for those patterns, a robust body of literature has shown that, in general, income, age, employment status, health, position in the social hierarchy, and various other characteristics affect the well-being of most people in similar ways, regardless of, say, where people live or what religion they follow. For instance, household income has by far the greatest positive influence on life satisfaction, and people 45–54 years old report less satisfaction than do people 15–24 years old. (Figure 1 displays some well-established patterns.) Beyond being inherently interesting, these consistent patterns enable scholars to control for the effects of those factors when they want to examine the well-being effects of other environmental or behavioral influences (such as governmental

**Figure 1. How various influences typically affect reported satisfaction with life**



*Note.* FT = full-time. The authors used a regression analysis on Gallup World Poll 2009–2017 data (<https://www.gallup.com/analytics/232838/world-poll.aspx>) to estimate the relative life-satisfaction effects of the factors listed above. The numbers are relatively small, given that some of life satisfaction is determined by innate character traits rather than by observable factors. Log household income is a measure of household income based on international dollars; it allows for cross-country and cross-time comparisons. The numbers on the bars represent the change in reported life satisfaction (on a 0–10 scale) that occurs with a 1 standard deviation (SD) change in each variable listed. Some of the findings were published in *Science* in 2018.<sup>A</sup>

A. Graham, C., Laffan, K., & Pinto, S. (2018, October 19). Well-being in metrics and policy. *Science*, 362, 287–288.

structures, environmental quality, health policies and practices, and employment arrangements).

Many findings from the well-being literature are consistent with standard economic assumptions, such as the law of diminishing marginal utility: Increases in income make more of a difference to reported quality of life for those with lower incomes than for those with higher incomes.<sup>8</sup> In the same way, one additional contact is more important for the welfare of someone with no social contacts than for someone with many.

Other findings, however, depart from classic economic assumptions. For example, the well-being literature shows that relative position (in terms of income or power) can matter more than one's absolute position does.<sup>9–11</sup> Even when one's income stays the same, comparisons can color satisfaction: an increase in someone else's income can reduce the sense of well-being of a person whose income does not rise.<sup>12</sup>

The literature also demonstrates that some changes in life alter well-being only temporarily, as the survey findings listed below illustrate:

- Marriage provides a well-being gain, but the warm glow wears off after about two years.<sup>13,14</sup>
- The well-being boost that comes with a promotion is often temporary because of the responsibilities, workload changes, and stresses that accompany the change.<sup>15</sup>
- Once someone has achieved a certain level of income, the person's well-being depends more strongly on whether the individual's pay is in line with or greater than last year's pay than on the absolute level of income.<sup>9</sup>
- As with a promotion, the well-being boost from a rise in income tends to fade over time. In this case, though, the reason is adaptation: as the income and associated daily

expenditures become the new normal, the individual pays less attention to the added money and reverts to the previous level of well-being.

- Adaptation also happens with negative life events, including separation from a partner or even the death of a spouse.<sup>16</sup> In some cases, adaptation may take a long time, but evidence has shown that people usually adjust to their new state eventually, and their well-being returns to its original level. (Ed Diener and his colleagues provide a fuller, more nuanced view of adaptation.<sup>17</sup>) We discuss some of the implications of adaptation for well-being research later in the article.

## Background: Methodological Issues

### Which Dimensions of Well-Being Are Studied?

Researchers have established best practices for implementing well-being surveys, which can tap into any of three distinct dimensions of well-being: *hedonic* (or *experienced*), *evaluative*, or *eudaimonic*.<sup>18</sup> The findings in the previous section were derived from surveys that looked at one or more of these dimensions, depending on the circumstances being examined.

Hedonic or experienced metrics capture the moods and emotions that an individual experiences while engaging in daily activities. They are built from the responses to daily-recall questions that, in separate queries, ask respondents whether they smiled, experienced stress, or experienced anger frequently the day before. Hedonic metrics are most applicable for measuring the quality of daily life. For example, medical researchers might apply hedonic metrics to compare treatments for end-of-life care, when ensuring quality of life is as important as prolonging it.<sup>18</sup>

Evaluative metrics capture individuals' evaluations of their lives as a whole and often ask people to indicate how satisfied they are overall with their life nowadays. Using a scale that

ranges from 0 to either 7 or 10 points, respondents may indicate their ratings on a ladder whose bottom represents the lowest life satisfaction and top represents the highest. Most well-being surveys use evaluative metrics such as these. Some surveys also pose a question meant to assess whether respondents believe they are able to choose the kind of life they want to lead.

Eudaimonic metrics capture the Aristotelian concept of well-being, which combines having sufficient means (the Greek *eu*) with having control over one's destiny (*daimon*). They ask individuals if they have purpose or meaning in their lives and have them apply the same scales as are used in life-satisfaction questions. Eudaimonic ratings tend to correlate quite closely with evaluative metrics, although people in some cultures who are highly satisfied with life overall may nonetheless feel that their lives lack sufficient meaning.<sup>19</sup> This is the newest well-being dimension under study, and so the extant knowledge is still evolving.

Later in the article, we discuss issues to consider when selecting among these metrics, although some investigators argue that the choice may not matter much (see note A).

### Analytic Process

A great benefit of well-being surveys is that they do not ask if particular things (such as income) or activities (such as smoking or exercising) make respondents happy. Such assessments, as we mentioned earlier, are unreliable. Instead, investigators identify how strongly various factors affect well-being by examining the relationship between those factors (such as socioeconomic status or views about the value of hard work) and self-reported well-being.

To avoid introducing bias, investigators do not tell respondents that the objective data on income and other variables will be linked to the well-being self-reports. Surveys begin with respondents' reporting on their well-being along the dimensions noted above and only then go on to collect extensive information on respondent's socioeconomic and demographic



traits. The data are analyzed using econometric equations. (See note B for the specific equation used for these analyses.) These equations make it possible to incorporate well-being findings with economic data when analyzing policies.

## Advice for Policymakers

### Follow best practices.

For details on best practices for assessing well-being, see *OECD Guidelines on Measuring Subjective Well-Being*<sup>A</sup> and *How to Measure Your Impact on Well-Being*.<sup>B</sup>

### Don't confuse correlation with causation.

Be cautious when drawing conclusions about causality from correlations between well-being assessments and factors that can affect well-being. Researchers, however, have amassed data and techniques that make it possible to deduce causality confidently in some cases. (See *Determining Cause & Effect in Well-Being Studies*.)

### Incorporate well-being analyses into other tools.

For instance, for well-being findings to inform policy decisions, the data will often need to be incorporated into standard cost–benefit or cost–effectiveness analyses.<sup>C</sup> In some cases, the well-being impacts of different policies will need to be compared directly.

### Use well-being surveys to inform policies.

Well-being surveys can provide insights into how effectively policies and projects are contributing to the quality of life of communities<sup>D</sup> or nations. At the national level, examine not only the populace's current well-being and the differences within and between different communities but also how likely it is that current levels of well-being will persist into the future. Paul Allin and David Hand have discussed national well-being in detail.<sup>E,F</sup>

### Target unhappy individuals first.

It can be important to focus policies and programs on the people with the lowest levels of well-being and to select policies that will have the greatest persistent impact on them while also potentially providing indirect benefits to others.

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In a nutshell, investigators represent each respondent in a survey at a given time in a mathematical formula that explores how the respondent's reported well-being score correlates with all of the other factors that have been learned about the person—including measures of influences that show a stable relationship with well-being across individuals, countries, and time (such as age, income, gender, employment status, marital status, health state, and location of residence) and measures of factors whose influence on well-being may vary across people and populations (such as commuting time and smoking). Also added in are measures of macroeconomic and societal influences that affect well-being, such as inflation, unemployment rates, inequality, and environmental quality.

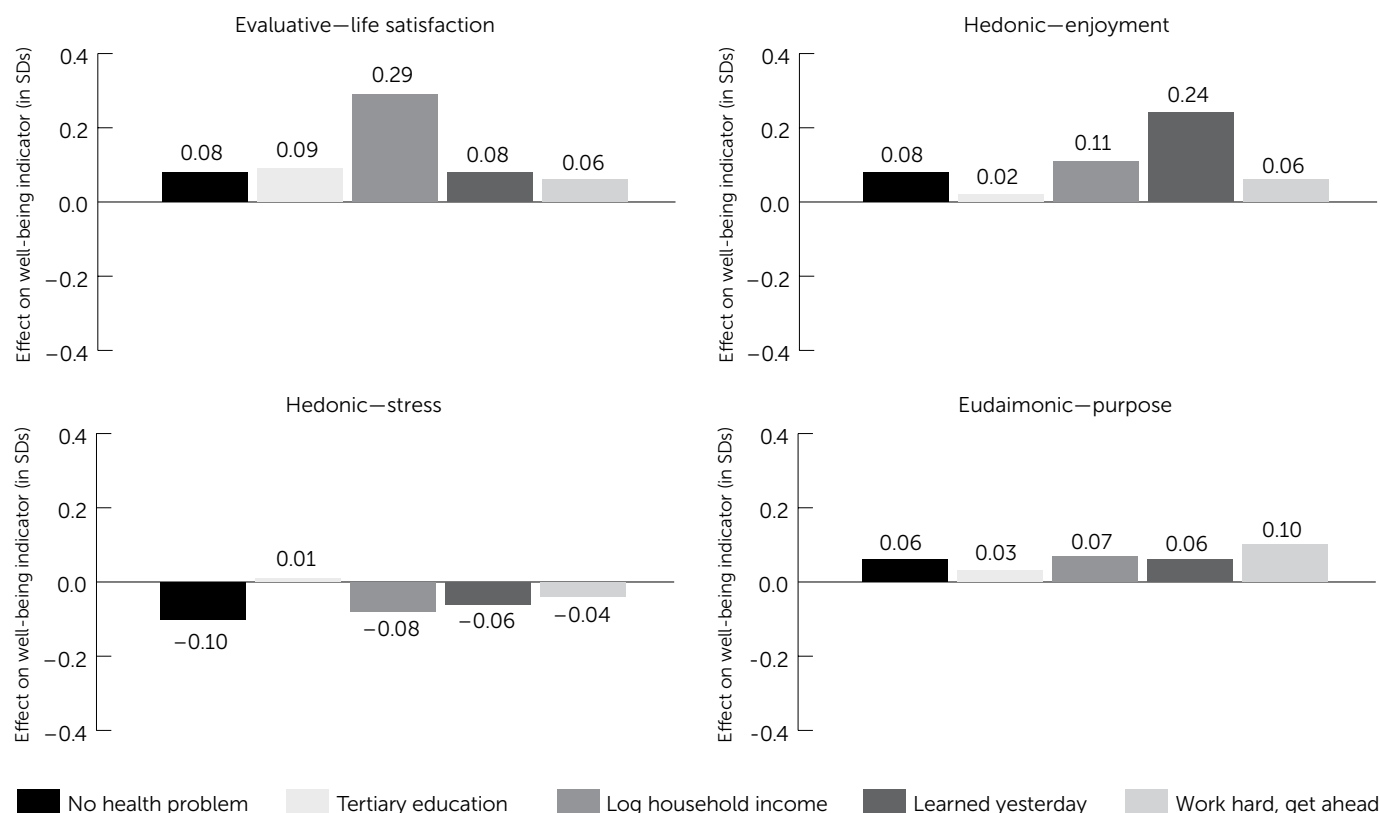
Once these data are collected, analysts statistically control for the influences that equally affect the well-being of respondents having the same demographics (such as age and income level). Then, using a standard statistical technique (*regression analysis*), they calculate the associations between well-being and the remaining variables to determine the relative influences of each of those variables on the well-being of selected groups in a study.

## Deciding Which Measure to Use

For some research, the choice of whether to examine hedonic, evaluative, or eudaimonic dimensions of well-being may be immaterial: the influences being studied could affect all three measures to the same degree. But each metric captures a different aspect of what matters to people. Hence, we and many other researchers argue that the metrics used should be considered carefully and that investigators should be cautious about selecting a single measure of well-being as an indicator of a policy's effects.

For example, although higher income generally goes hand in hand with more positive self-reports of well-being, income affects the three dimensions differently. In particular, the effects on day-to-day happiness (the hedonic dimension of well-being) and overall satisfaction with life (the evaluative dimension) diverge. Once people earn a certain amount of money

**Figure 2. How experiences & views vary in their effects on well-being dimensions**



*Note.* Carol Graham and Sergio Pinto calculated the findings from Gallup World Poll 2009–2017 data (<https://www.gallup.com/analytics/232838/world-poll.aspx>). The bars represent the change in a well-being dimension (evaluative, hedonic, or eudaimonic) that occurred with a change of 1 standard deviation (SD) in each variable listed. The hedonic dimension was assessed in two ways: asking separately whether a person felt enjoyment or stress yesterday. Income's divergent effects on different well-being dimensions are particularly striking. The findings suggest that measures of well-being should ideally assess all three dimensions. Log household income is a measure of household income based on international dollars; it allows for cross-country and cross-time comparisons.

(roughly the median income of a population), more money will not improve mood on a daily basis, enhance happiness during a commute, or add enjoyment to time spent with children.<sup>20</sup> In contrast, the greater a person's income is (up to a certain high level), the higher life satisfaction tends to be. This pattern makes sense: People who earn more money are more likely to have choices about the kinds of lives they want to lead. As a result, they are usually more satisfied with those lives.

There are other notable differences. Reading the same story to a small child for the 15th time would rate high on a eudaimonic scale of purpose but low on a scale measuring daily hedonic pleasure, whereas streaming multiple seasons of a TV show is pleasurable in the moment but does not enhance one's sense of

leading a life of purpose. (Paul Dolan proposes that there is an optimum balance between daily experiences of pleasure and purpose.<sup>21</sup>)

Research on very-low-income populations around the world and, more recently, on deprived or downwardly mobile cohorts in the United States unsurprisingly reveals that many individuals in these groups are overwhelmed by constant negative experiences, such as stress from circumstances beyond their control. They have difficulty planning for and investing in their futures, and they report lower satisfaction with life than do individuals who have greater means and capacity for investing in their futures and life choices.<sup>22,23</sup> Yet these same individuals may score fairly high on assessments of hedonic well-being, reporting that they were happy or content yesterday. In such cases, the finding of

# “people tend to value the evaluative dimension—life satisfaction—most”

high levels of happiness could be misleading, because it could reasonably reflect the lowering of expectations to avoid daily disappointment and despair.<sup>24</sup>

The measures that governments or other researchers choose to apply, then, should reflect the dimension of well-being that is most relevant to evaluating the particular policy or intervention at play. When policymakers are specifically trying to improve people’s overall satisfaction with life, evaluative metrics will be most relevant. When the goal is to improve day-to-day experiences, hedonic measures are more useful. In cases where policymakers are interested in understanding the role of meaning and purpose in citizens’ lives, eudaimonic metrics are the most relevant (although they are also the least tested in the policy arena). When well-being is being measured and monitored at a national level, best-practice guidance suggests including all three kinds of metrics.

Gus O’Donnell and Andrew Oswald have proposed an approach that governments can use for measuring national well-being.<sup>25</sup> It includes using data from large-scale surveys, such as those conducted by the United Kingdom, but it weights those results on the basis of the results of other surveys that ask respondents to rank the various well-being dimensions by their importance to them. Daniel Benjamin and his colleagues have conducted such ranking studies and have found that, for the most part, people tend to value the evaluative dimension—life satisfaction—most.<sup>26</sup> This result is consistent with the consensus among scholars in the field that life satisfaction is the most telling well-being metric and thus is the best to use if assessing only one dimension is feasible.

## Addressing Complexities

The complexities that well-being measures introduce to policymaking have drawn some

criticism. The authors of a recent paper, for example, argued that the results of large well-being surveys are suspect, because individuals may differ in how they interpret a survey’s scales and may give misleading ratings if, for instance, they have adapted to the miseries of their life.<sup>27</sup>

Investigators have made advances that address such criticisms. For instance, they may apply additional testing techniques that tease out systematic differences in the ways that different cohorts (say, women versus men) answer surveys and then adjust the results to compensate for those differences.<sup>28</sup> A newer approach, suggested by Le-Yu Chen and his coauthors, is to examine the midpoints of distributions (medians) rather than averages (means) in analyses, a move that reduces biasing by those respondents who are outliers in their interpretation of the scales (for example, by always scoring on the extremes of the scales).<sup>29</sup> Ongoing developments in the field will continue as researchers find ways to adjust for systematic response bias where it is present.

## Examples of Best-Practice Implementations

National and local governments, as well as community organizations, are now regularly using well-being metrics as complements to the income and other objective metrics typically used when designing policies and monitoring their successes and weaknesses. Next, we suggest four general ways that policymakers can make good use of well-being metrics.

### Application 1: Measure & Monitor Well-Being to Identify Issues Needing Attention

Many best-practice guidelines for monitoring well-being have been introduced, including at the scale of nations, by the Organisation for Economic Co-operation and Development (OECD), an intergovernmental body that represents three dozen countries and promotes world trade. The OECD guidelines help to ensure that data generated by different nations are comparable across countries and time. In the United States, a National Academy of Sciences panel on well-being and policy has made similar recommendations, spelled out the

specific surveys that are most appropriate for the fielding of well-being metrics, and identified which of the metrics are best suited to assessing different kinds of policies.<sup>18</sup> (Carol Graham has served on this panel.)

In practice, the United Kingdom's Measuring National Well-being program, administered by the Office of National Statistics (ONS), assesses a range of subjective and objective indicators of the aspects of citizens' lives that public consultation and evidence have deemed most important to track. It includes the so-called ONS4, a set of four questions that are now included regularly in official statistics and cover the three main well-being dimensions: life satisfaction (evaluative), happiness and anxiety yesterday (hedonic), and purpose (eudaimonic). The ONS4 includes two hedonic questions, because positive and negative affect are distinct from each other and must be measured on separate scales, in contrast to the other dimensions, which can be considered on one continuous scale running from very low levels to very high ones. Several other countries, ranging from Canada to Chile, have also incorporated these kinds of well-being metrics into their official statistics.<sup>30</sup>

Some general principles relating to national surveys are worth mentioning. The OECD recommends that countries not look solely at national averages when they assess well-being, because such averaging can miss local factors that affect life satisfaction and other well-being dimensions.<sup>31</sup> The diversity of experiences within a country—for example, across localities, between different ethnic groups, and between those at the top and the bottom of the socioeconomic ladder—matters for understanding people's priorities.

It is also important that governments not proclaim happiness to be an objective of policy and not establish ministries to promote happiness, as the authoritarian government of Venezuela recently did. Such moves can make the public suspicious of the government's motives and the data that are released. Governments should also make their reasons for collecting well-being data clear to the public, to avoid political manipulation of the measures.

The data should be gathered routinely along with other standard statistics and not tied to particular political issues.

Further, to fully understand what matters to people, policymakers can go beyond collecting the self-reported well-being measures we have been discussing and include indicators of well-being in other aspects of life that individuals deem important. Since 2015, for instance, a French budget law has required the government to report on a number of new indicators of wealth that were developed in consultation with the public, such as declines in greenhouse gas emissions and how income is shared among the population. Likewise, Italy's budget-reform law of 2016 selected 12 indicators (such as life expectancy at birth) to be used for reporting progress as well as for forecasting the impacts that the budget will have on those indicators. And Scotland's 2008 National Performance Framework sets out a vision of national well-being for Scotland and then charts progress toward the vision through a range of social, environmental, and economic indicators, such as increasing physical activity and access to local green spaces.<sup>32</sup>

Drawing out what matters in this broad sense is done with the intention of understanding and changing national priorities. The Scottish Government has reported that its National Performance Network has led to the adoption of policies aimed at making progress toward the nation's broader well-being priorities and toward policy objectives shared across departments.<sup>33</sup> The government is using the approach to change how it operates and considers problems. For example, it is now working across departments and considers effects from transportation through health and housing on the well-being of Scotland overall.

There are also local and municipal efforts to assess well-being in a broad sense. The City of Santa Monica, for example, constructed a citywide, multidimensional well-being index in 2015. The index incorporates answers to five questions: How strong is the sense of community and connection? Does the physical and social environment support and promote well-being? Do people have the opportunity

to enrich their knowledge and skill sets across the life span? How healthy is Santa Monica? And can a diverse population live and thrive in Santa Monica? The city included hedonic and evaluative measures and found that residents are generally satisfied with life, that middle-aged people report greater stress than other groups do, that women report lower life satisfaction than men do, and that Latino residents report greater stress and loneliness than members of other ethnic groups do.<sup>34</sup>

The city has used the results from that index to identify priorities and undertake multiple projects to enhance community- and city-level well-being. These include organizing community walks in green spaces and providing opportunities for community members to gather together to participate in the arts or other activities that tend to enhance well-being and reduce loneliness.

Numerous companies and organizations are measuring the well-being of their staffs and the populations they serve. The annual UK Civil Service survey includes the ONS4 well-being questions, with follow-ups within teams and directorates to understand the trends and figure out which policies and programs for civil servants can be improved. Separately, apps used by companies may ask employees about their well-being as frequently as weekly, to enable timely interventions and changes. At a project level, many charities and organizations are using well-being metrics to ascertain whether their programs are having the desired impact on improving people's lives. See the website of the What Works Centre for Wellbeing at <https://whatworkswellbeing.org/evidence-into-action/> for case studies.

### **Application 2: Use Findings to Devise Interventions to Improve Well-Being**

Evidence suggests that 30% to 50% of the variation in happiness within a population stems from people's genetic makeup. This leaves a great deal that childhood and later experiences can influence.<sup>7,12</sup>

The research literature points to a number of factors that strongly affect one's sense

of well-being: mental and physical health; positive, supportive relationships; economic and emotional security; a sense of purpose; autonomy; and opportunities for growth. Daily experiences also have an effect. Analyzing how people assess these factors in their lives and reviewing the detailed literature relating to these influences can enable policymakers to design interventions that improve subjective and other dimensions of well-being.

For example, in response to well-being surveys, the United Kingdom instituted the Increasing Access to Psychological Therapy program, which eases access to care for common mental health conditions by providing it free in the local community.<sup>35</sup> It also established the National Citizen Service, which deploys volunteers to help 16-year-olds develop "the skills needed to be active and responsible citizens, mix with people from different backgrounds and start getting involved in their communities."<sup>36</sup> And, recognizing the importance of relationships for well-being, the United Kingdom has developed an evidence-based strategy to tackle loneliness across the life course.<sup>37</sup> Meanwhile, some schools in the United Kingdom have been testing a new curriculum, developed as part of a program to teach resiliency, with lessons in areas important for well-being,<sup>38</sup> including relationships, healthy habits, social media awareness, and mindfulness; to increase the curriculum's effectiveness, the program has a strong focus on teacher training.

Of course, before beginning interventions based on well-being findings, policymakers need to assess whether the findings might have been confounded by the psychological processes mentioned earlier: adaptation and comparison. A change in policy can end up being useless if it improves an individual's well-being only temporarily because of adaptation or because the person perceives the improvement as inadequate relative to another person's situation or to the individual's own past or expectations.

Policymakers need to be aware, however, that adaptation and comparison may not always occur. People do not adapt to some aspects of life, and studies that have followed the same



participants over time show that well-being can change significantly over the long term. In a 2005 article, for instance, Frank Fujita and Ed Diener documented changes in over 17 years of well-being data from Germany,<sup>39</sup> and the World Happiness Report 2018 found that those who move to happier countries become happier.<sup>40</sup> When people are in a stable partnership, their well-being ratings are higher than those of people not in such relationships and stay higher even if the additional effect of getting married wears off (although some of the persistence may stem from people with higher ratings of well-being being more likely to marry each other). People who are unemployed have lower ratings of well-being than others, and well-being stays low while they remain out of work.<sup>12</sup> Further, it has been found that people do not adapt to the negative impact of noise,<sup>41</sup> an unpleasant commute, or various disagreeable job conditions, nor to the positive benefits of volunteering.<sup>42</sup> As Paul Dolan, who has examined barriers to adaptation in depth, has pointed out, people tend to adapt little to situations that draw their attention during the course of a day.<sup>21</sup> (Partly on the basis of that observation, he emphasizes the importance of measuring hedonic well-being.)

Many aspects of people's lives are not subject to comparative effects. Giving to others improves the well-being of the giver as well as that of the receivers. Improving the quality of relationships improves the well-being of both parties. Improving the mental health of one partner in a relationship—say, through counseling—may improve the well-being of the other partner as well.<sup>43</sup>

These discoveries have implications for setting policies and changing practices. Increasing employment rates is already a standard focus of policy and has long-term effects on well-being. In a traditional approach to policymaking, the goal of increased employment would be enough if it were coupled with efforts to ensure that the jobs created paid at least a living wage. A well-being approach shifts the focus of policymaking to the creation of high-quality jobs, which are not the same as high-paying positions. Long-term epidemiological studies show that improvements in autonomy, support, the

“improvements in autonomy, support, the balance of demands, and security in the workplace yield long-term mental and physical health benefits”

balance of demands, and security in the workplace yield long-term mental and physical health benefits.<sup>44,45</sup> This shift in focus is beginning to happen: The UK Government's 2018 Good Work Plan proposes to measure job quality alongside employment rates.<sup>46</sup> Measurement provides a necessary starting point for ministerial responsibility and action.

The research suggests as well that expanding mental health services, supporting personal development, and helping people to improve their relationships can all have long-term effects on well-being. Even addressing unexpected noise—such as through better insulation—could be more important for well-being than, say, providing larger living spaces.<sup>47</sup>

Clarity on whom policies are aimed at is as important as the nature of the policies. As discussed earlier, much research shows, for example, that a rise in income makes a bigger difference to those with a lower income than to those with a higher income, and an incremental change in well-being does more for those who have lower ratings of well-being than for those at the higher end of the scale. A moral argument has also been made by Richard Layard and others that moving those with low levels of well-being to higher levels of well-being should be more of a priority than moving those with already high levels of well-being even higher.<sup>12,48,49</sup>

### Application 3: Change How Standard Policies Are Implemented

It is not enough to decide which activities to support. Policymakers also confront numerous

options for how to implement different programs and policies. Well-being evidence can help to guide the resulting choices.

Consider policies meant to help individuals who have lost their job return to work. As a rule, regaining employment improves well-being. Governments may “push” people to seek work—say, through setting conditions on receiving unemployment benefits. Alternatively, governments may “pull” people into the workforce by assisting them in addressing the challenges of finding and remaining in a job and by making the prospect of working more appealing, such as by improving conditions at recruitment sites. Each approach has a different implication for well-being.

The UK government is currently assessing the evidence for the benefits of the pull approach, as exemplified by active labor market programs (ALMPs) and, in particular, the JOBS II program.<sup>50</sup> By providing subsidies and training and by enhancing employment services, ALMPs aim to help people who have lost or are at risk of losing their job to increase their employability and reduce the risk of further unemployment.<sup>51</sup> Evidence has shown that participating in ALMPs helps to improve resilience to the health and well-being risks of unemployment and increases the likelihood of reentering the workforce.<sup>52,53</sup> Programs are most successful when they combine personal development alongside skills and training for dealing with job search setbacks. Reflecting the well-being evidence, the JOBS II intervention, which ran from 2017 to 2019, provided social support for unemployed job seekers, offering them structured and purposeful group activities that built feelings of control, stability, identity, and collective purpose.

Almost any policy can be designed with well-being in mind. An illustrative example is policies to provide housing for the homeless. The traditional approach, which can reduce well-being in the short run, requires homeless individuals to prove that they are ready for independent housing—a process that may include meeting a series of conditions and passing through a range of accommodation and treatment services. In

contrast, an approach reflecting the well-being evidence would recognize the needs of an individual and the importance to that individual of security and having the ability to influence his or her own life. “Housing first” is an approach that follows principles consistent with the well-being evidence: Housing first programs provide independent, stable housing without conditions and provide intensive, flexible support meant to meet the client’s preferences. International evidence supports the benefits of the housing first approach, and the UK Ministry for Housing, Communities and Local Government has decided to support a £28 million trial to test the approach. To gain a well-rounded picture, the ministry will be evaluating the self-reported well-being of participating individuals in addition to analyzing such traditional measures as health and employment outcomes.

Policymakers who want to consider well-being when selecting among multiple options for addressing a problem can do so by taking into account the importance of relationships, inclusion, and the ability of the people who are affected by a policy or program to influence the decisions that are important to their lives. The well-being impact may not always meet expectations, however; therefore, before making major systemic changes, it is important to test, evaluate, and learn.

#### **Application 4: Improve Decisionmaking That Is Based on Cost–Benefit & Cost-Effectiveness Analyses**

Policymakers almost always have limited resources and must set priorities for which problems they will tackle and how they will do so. They typically compare options by conducting *cost–benefit analyses*, which essentially add up the economic benefits of an existing or proposed action and weigh these against the costs to yield a monetary metric by which all options and trade-offs can be compared. A related procedure, known as *cost-effectiveness analysis*, can be used to compare the value of medical treatments, which often cannot be judged in terms of economic gains. In addition to a treatment’s costs, it takes into account a treatment’s effectiveness as measured by a nonmonetary outcome such as years of life

saved. Options are then compared by looking at the ratio of money spent relative to the associated health outcome.

To know which policy decisions are best for society in general or for particular cohorts, then, policymakers can be helped by translating well-being metrics into terms that can be fed into cost–benefit and cost-effectiveness equations. That is, they may want to put a monetary value on well-being evaluations, such as by calculating how much a person would be willing to pay to avoid a given hassle. Progress is being made on this front.

**Cost–Benefit Analyses.** Guidance documents and manuals indicate exactly how standard cost–benefit analyses should be carried out to ensure that they are consistent and provide the best advice on socially optimal outcomes. It could be argued that governmental cost–benefit analyses have always aimed to include all the aspects that are important for human welfare and already incorporate assessments of various nonmarket influences on society and economies (ones that are not traded in markets, such as clean air and cohesive communities). But today’s methods enable nonmarket influences to be incorporated more thoroughly. In the United Kingdom, the treasury’s *The Green Book: Central Government Guidance on Appraisal and Evaluation* offers an overview of methods to assess the costs and benefits of options and includes self-reported well-being as a further option to complement the existing approaches.<sup>54</sup>

Well-being evidence can influence cost–benefit analysis in three important ways. First, the evidence lengthens the list of the types of important benefits and costs that can be quantified and included in a cost–benefit analysis. In addition, subjective well-being evidence can demonstrate that the impacts (benefits or costs) on individuals may be larger or smaller than those observed through individuals’ behavior or through market prices, as discussed above. Last, well-being evidence demonstrates that a well-being gain associated with an additional increment of income may be higher for a low-income recipient than for a high-income

recipient. Because money is used as the common factor in cost–benefit analysis, benefits and costs can also be weighted to increase the monetary value of benefits or costs that accrue to lower income individuals or households, to reflect this principle.

Is incorporating the new subjective well-being evidence into cost–benefit analyses changing the way nations go about making budgetary decisions? In some cases, it is. In the United Kingdom, a number of departments have included well-being survey data to assess the costs and benefits of policy options for which monetized values representing well-being were previously absent, such as policies relating to participation in sports and cultural activities,<sup>55</sup> to museums,<sup>56</sup> or to the cultural and noise impacts of road infrastructure. In the case of roads, the United Kingdom is exploring the options for reducing traffic congestion on the main road that passes close to Stonehenge, a World Heritage Site. Options that would reduce the noise from and visual intrusiveness of the traffic are more expensive than other solutions, because they would involve redirecting the road and potentially sending it through a tunnel. By incorporating the well-being impacts in the cost–benefit analysis of the options, so that visitor experience at the World Heritage Site is considered in the benefits, the government is giving weight to factors that would previously have been ignored.<sup>57</sup> As with all investment decisions, caution needs to be taken to ensure that the figures are robust and the spending of public money can be justified. (As of this writing, the final decision on the road’s fate has not yet been made.)

Elsewhere, some governments and organizations have already incorporated monetization of what they call *well-being benefits* in their cost–benefit analyses of policies. But many of those analyses judge well-being by capturing people’s stated preferences or by observing the things people buy. As we explained earlier in the article, what people say will make them happy (stated preferences) and what they are observed to consume (revealed preferences) do not necessarily reveal what actually will make them happy (as judged by the well-being surveys).

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10%

Drop in life satisfaction in India between 2006 – 2017, despite growth and poverty reduction

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30% - 50%

Variation in happiness within a population that stems from genetic makeup

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20%

Prime-working-age males dropping out of the US labor force

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The well-being assessments highlighted by this article can be used to arrive at a more robust understanding of the monetary equivalent of well-being. For example, water companies in the United Kingdom need to present cost-benefit analyses to justify their investments, as part of a process called the *price review*. One company recently evaluated and monetized the subjective well-being impact of flooding inside and outside of people's homes and compared the results with past analyses (which included data on stated preferences) to justify investments in reducing such incidents.<sup>58</sup>

In New Zealand, a treasury tool for conducting cost-benefit analyses during budgeting—the *CBAx tool*—was recently updated to include subjective well-being data alongside additional measures of public welfare.<sup>59</sup> To create transparency about the implicit trade-offs related to each monetized value, the treasury makes the CBAx analyses public—a move that has encouraged greater (and ongoing) discussion of how to place monetary values on the well-being associated with various policy outcomes and of when having these values can be useful.

In 2019, cost-benefit analyses incorporating subjective well-being metrics were among the inputs into New Zealand's first well-being budget, which required ministers to show how their investment proposals would meet five well-being priorities, among them improving child well-being (such as by reducing rates of family violence) and transforming the economy (such as by reducing greenhouse gas emissions, soil erosion, waste, and water pollution).<sup>60</sup>

This transparency is important, as is caution with the values as they currently stand, because (in a challenge still to be resolved) the math is quite complex: the monetized values of well-being rest not only on statistics that relate changes in prioritized items to well-being but also on statistics that relate income to well-being.<sup>31,61,62</sup>

**Cost-Effectiveness Analyses.** Policymakers in the United Kingdom are among those who

apply cost-effectiveness analyses, particularly when assessing the value gained from spending money on different treatments or other health care interventions. In the United Kingdom, treatments are compared on the basis of their impact on quality-adjusted life years (QALYs), which essentially discount the years of life one lives with a particular affliction by the extent to which the condition reduces the quality of life, such as by causing pain or depression or declines in mobility, the ability to care for oneself, or the ability to engage in one's usual activities. (A QALY value of 1 for a year reflects a year of perfect health; 0 represents death.) As typically applied, these cost-effectiveness analyses have some limitations that can be remedied by incorporating well-being data.

For one, treatments that might improve social relationships or a sense of independence (which are known to be important for well-being) generally receive no credit for these benefits in standard analyses. Also, each treatment or disorder has well-being effects on caregivers, friends, and relatives that tend to be ignored in cost-effectiveness analyses. Finally, QALYs are generally calculated on the basis of a representative sample's estimates of how much a condition will affect their quality of life. As is true with stated preferences, the lived experiences of these conditions may differ from those estimates. Life-satisfaction surveys make it possible to assess the costs to well-being from the reported experiences of individuals who are actually affected by the conditions in question.<sup>63</sup>

Tessa Peasgood, Derek Foster, and Paul Dolan argue that a focus on understanding lived experiences would lead to greater priority being given to mental health and to improved end-of-life care, including more emphasis on palliative care and pain relief.<sup>64</sup> The United Kingdom's National Institute of Clinical Excellence is currently taking part in a study to understand how the method of calculating QALYs could be extended to incorporate these aspects and the importance of social and emotional well-being.<sup>65</sup> Results are expected in 2020.

## Determining Cause & Effect in Well-Being Studies

It is not easy to determine whether a given factor that shows an association with well-being actually contributes to the feelings that are reported. But ways have been developed to clarify the direction of effect.

Part of the difficulty is that much of the evidence about well-being comes from regression analyses of cross-sectional data. Investigators compare groups that display different levels of well-being and seek to understand how much of the variation between them is explained by factors whose influence on well-being is generally known (for example, age, gender, socioeconomic characteristics, where someone lives) as well as by an additional factor of interest. Say that the additional factor is commuting time and that a shorter commute accounts for some of the well-being difference between two groups after all other factors are accounted for. One could not conclusively say that a shorter commute was itself a cause of higher well-being scores, because the true cause could be something unmeasured that happens to result in a shorter commute. For instance, innate confidence—a factor that was not measured in this hypothetical study—could cause people who want to work from the quiet of their homes to be more likely to ask for permission to do so. The result would be less time spent commuting each week and a higher well-being score, even though reduced travel time was not itself the source of the increased happiness.

Nevertheless, cross-section regression analyses can be critical for identifying factors that could potentially affect well-being and are often the precursor for research that can help to tease out causality.

Certain econometric techniques, such as those known as *individual fixed effects* and *area-specific fixed effects analyses*, can make it possible to identify causal channels leading from a factor of interest to a change in well-being.

Among the research approaches that can help to establish causality are longitudinal panel studies, which observe changes over long periods of time in the same people. For instance, if the time spent commuting shrank in parallel with a rise in well-being, investigators could have more confidence that commuting time, not innate confidence, contributed to the rise, because the innate trait would be unlikely to change with time. Panel data for Russia were the basis of one of the first studies in economics showing that well-being can enhance future prospects: Individuals with higher levels of well-being ended up earning more and being healthier later in life.<sup>A</sup> Later, longitudinal data on siblings in the United States also confirmed a channel from higher levels of well-being early in life to better long-term outcomes.<sup>B</sup>

Natural experiments can also help to establish causality. In these cases, something occurs that just happens to affect groups differently, such as when being born after midnight on a certain day causes one cohort to be subject to an education or health care policy that differs from a previous policy that a second cohort operates under. Because the groups that were subject to different policies were formed randomly, any overall difference in well-being between the groups is likely to stem from the policy changes rather than from differences in individual characteristics.

Experiments that randomly assign people to an intervention or a control group are another tool for helping to establish causality. They are used widely in medical research and are becoming more common in social science. They are not silver bullets, however. Investigators who want to replicate the findings from early trials often have difficulty doing so. As Angus Deaton and Nancy Cartwright have pointed out, it is not always possible to discern which aspect of an intervention was most important in producing differences between a control group and the volunteers who received an intervention.<sup>C</sup> Random allocation makes it easier to identify what causes a particular change, but at the same time it isolates the effects of that intervention from real-world contextual factors that are often critical to how an intervention works and why.

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# “cost–benefit and cost-effectiveness analyses are tools for supporting decisionmaking rather than for making decisions in isolation”

Changing the methodology for QALYs is not the only application of well-being metrics in cost-effectiveness analyses. A footnote in the UK Treasury’s *The Green Book: Central Government Guidance on Appraisal and Evaluation* states that, in some cases, well-being may be the most appropriate measure for assessing cost-effectiveness when comparing options for achieving goals such as improving children’s mental health.<sup>54</sup>

In reality, both cost–benefit and cost-effectiveness analyses are tools for supporting decisionmaking rather than for making decisions in isolation. The New Zealand Treasury exemplifies this understanding in its well-being-based approach to setting spending priorities during budgeting. At the operational level, it has specified 12 well-being outcomes (measured by the ONS4 questions and other metrics) and four kinds of capital (natural, human, physical and financial, and social), and it assesses all budget decisions on the basis of whether they address the health of the four capitals and attack social and demographic inequalities in well-being; it also projects how resource-allocation decisions will affect each capital’s ability to improve current or future well-being.<sup>59,66,67</sup>

In short, adding well-being to cost–benefit and cost-effectiveness analyses can change priorities, support funding decisions that differ from the kinds made in the past, and ultimately enhance the welfare of the population. However, cost–benefit and cost-effectiveness analyses need to be recognized as inputs in a broader decision-making process—as tools

that can support and be supported by still other kinds of analyses and policy considerations.

## Lessons & Next Steps

The science of well-being has already advanced enough to inform the focus of policies and programs. It is clear that people’s sense of well-being depends on having good mental and physical health, relationships, security, autonomy, opportunities to participate in work and community, a sense of purpose and growth, and positive daily experiences. It is also evident that people often think they will be affected by experiences more (or less) than they are and that it can be important for policymakers to base decisions on lived reality rather than purely on how people expect to react to situations. At a societal level, it is important to focus on improving the lot of those with the lowest levels of well-being as well as to identify where such actions are not merely costs but also provide benefits to groups beyond those who are directly targeted. Reducing the ill-being of unemployed individuals, for example, is likely to have positive spillover effects for the families and communities surrounding them.

The science of well-being may not provide perfect solutions to society’s ills, but it surely offers a new and robust lens into how humans actually experience economic processes and their lives more generally. Gaining that understanding is an important first step to designing policies to help improve people’s lives, and some initial lessons for how to do so have already emerged from the wealth of experiences discussed above.

Challenges remain, however. Even though research has identified several aspects of life that, as a rule, are important to well-being, there is no single clear factor that, if addressed will improve well-being for every person and every context. To influence policy and practice, the evidence needs to be tailored to specific populations and issues. In addition, the knowledge that a certain activity improves well-being is not enough; scholars and policymakers need to know why the activity works to understand where to focus effort and resources. An

enduring challenge is that well-being surveys often cannot reveal which aspects of an intervention cause documented changes in well-being and which are only associated with the change but not responsible for them.

In addition, individuals and contexts are so different that it can be difficult to generalize from a particular finding. Finally, changes that are best for one individual's or group's well-being may come at the expense of "being well together"—that is, at the expense of the well-being of the larger community or, indeed, the nation. This last concern can loom large when policymakers are aiming to improve well-being for the greatest number of people across future generations.

Increasing the use of well-being metrics in high-quality evaluations of policies and programs and including information on the costs associated with improving well-being through different interventions will help address these challenges. Open and inclusive debate about what is most important for people's lives—and for the goals of policies—is equally essential.

More generally, partnering well-being metrics with standard income-based measures of progress in policymaking can contribute to a better quality of life and future for people and countries around the world. Notably, the approach can suggest new ways to enhance well-being that would not have become evident from standard measurements. Also, the same factors that result in higher levels of well-being—sufficient income, good health, sound environments, engagement with one's community, and participation in the democratic process—are

also important to sustainable growth, which means that enhancing them can contribute to economic growth. Indeed, higher levels of subjective well-being have been linked to improvements in standard measures of progress, including productivity and longevity.<sup>2</sup> Excessive focus on income and growth alone, meanwhile, can result in ill-being, high associated social costs, and unsustainable futures.

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### author note

Graham is on the academic advisory board of the What Works Centre for Well-Being, and MacLennan served as the center's head of evidence from 2016 to 2018.

### endnotes

- A. Some scholars, such as Andrew Clark, argue that the choice of which well-being metric to use is not so important, in part because the measures generally correlate with one another.<sup>68</sup>
- B. The equation used for analyzing well-being data is  $W_{it} = \alpha + \beta x_{it} + \varepsilon_{it}$ .  $W_{it}$  is the reported well-being (hedonic, evaluative, or eudaimonic) of individual  $i$  at time  $t$ ;  $\alpha$  is a constant known as the intercept; and  $\beta x_{it}$  is a vector (a summation) of individual traits such as age, income, gender, employment, marital status, objective or reported health, area of residence, and so forth. The epsilon (error term) captures innate individual traits that investigators are unable to observe.

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# Improving employee performance by developing empowering leaders & companies

Bradley Kirkman, Gilad Chen, & John Mathieu

## abstract

Empowerment has been a buzzword in many companies for decades, and research shows that empowerment enhances individual, team, and company performance. In practice, though, empowerment programs often fail. People who institute the programs frequently have a narrow understanding of what empowerment is, and this limited view probably helps to account for the failures. Drawing on several decades of organizational-science research, we provide a more useful, robust definition of *empowerment* and describe obstacles that company leaders and other employees can throw in the path of empowerment initiatives. We then provide empirically driven, practical recommendations for overcoming the obstacles and for otherwise enhancing employee empowerment, such as having leaders model empowerment and changing the company climate to align with more empowering policies and procedures.

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## Core Findings

### What is the issue?

While *empowerment* has become increasingly important to an organization's goals and effectiveness, programs that are designed to produce empowered individuals, teams, and firms often fail to yield expected results. Translating empowerment into practicable and effective interventions is therefore critical to organizational success.

### How can you act?

Selected recommendations include:

- 1) Focusing on all four of the dimensions of empowerment—*autonomy, impact, competence, and meaningfulness*—when preparing employees for change
- 2) Providing direct feedback to employees about how their ideas and suggestions were received by higher level managers and how their ideas actually got implemented.

### Who should take the lead?

Researchers and organizational leaders

It would be difficult, if not impossible, to be in any organization today and not hear references to the importance of *empowerment*. Indeed, many employees expect to be empowered.<sup>1</sup> In essence, employees are said to be empowered when they believe that they can exercise great control over work that they consider worthwhile.<sup>2,3</sup> Imagine, for example, a woman we will call Anna, who works for a tech firm and is responsible for making sure her clients are satisfied with their software purchases. As an empowered employee, she would have a lot of discretion in handling this task: For example, she might have the authority to bring in additional resources to troubleshoot software problems without having to consult any higher level managers. As a result of Anna being able to do her job efficiently, she would likely get repeat business from her clients, which would be good for the company and would reinforce Anna's sense of being capable and skilled. She would also feel good about making her customers happy.

More than 30 years of organizational science research supports the value of empowerment for individual employees, teams, and organizations overall.<sup>4</sup> The more empowered employees are, the more likely it is that they will be satisfied with their jobs, freer from stress, committed to their companies, effective in performing their responsibilities, helpful to other coworkers, and able to contribute creative and innovative ideas to their teams and organizations. These benefits occur across a variety of industries, occupations, and geographic regions.

Research has also shown that when leaders empower entire teams rather than just individuals, teams perform better and team members are more satisfied.<sup>4–6</sup> These effects hold up across various types of teams—such as production teams, project teams, and management teams. The larger and more complex the team is, the stronger the empowerment effect is.

The evidence for these effects is overwhelming. And yet programs that aim to produce empowerment often fail to achieve the expected benefits. For example, executives at Levi Strauss & Co., the clothing maker,

wanted to empower the company's sewing plant employees in Texas and Tennessee in the 1990s. Their intentions were good: They wanted to reduce the monotony of doing the same tasks every day and to decrease repetitive-stress injuries. In the new scheme, employees would be able to choose different tasks to do on their own in their team, made possible by the training they received to do a greater variety of tasks compared with what they received in the old system. The results were disastrous: Productivity plummeted and costs increased. Consultants brought in to remedy the situation told the company it would need to build a new empowerment program from scratch. In our view, the company made the common mistake of not taking the necessary steps to change from a traditional structure to an empowered one. For example, supervisors were not trained on how to be coaches and facilitators rather than just bosses. When employees reached out for help, they were reportedly told by their supervisors, "Y'all are empowered, y'all decide."<sup>7</sup>

Another reason empowerment programs often fail may be that the concept of empowerment means different things to different people. Because the word *power* is embedded within *empowerment*, many managers and employees alike assume that it simply means transferring power—that employees take on some aspects of their managers' responsibilities and control. Yet programs based on this narrow definition seem unlikely to produce the desired effects.

Empowerment is much more than simply delegating or transferring power from management to employees.<sup>8</sup> In this article, we spell out the more comprehensive definition of *empowerment* that behavioral scientists have adopted, and we explain why knowing this definition is important for designing effective programs. We point out various obstacles to successfully implementing empowerment programs, provide suggestions for overcoming those obstacles, and lay out concrete steps that organizations and supervisors can take to build a climate that promotes empowerment and trust. We also offer advice on how companies can reinvigorate their empowerment programs over time

for sustained success and avoid the many issues that plagued Levi Strauss.

## Employee Empowerment Is Actually Four Things, Not One

Behavioral scientists consider *empowerment* to be an umbrella term that contains four distinct but related dimensions. One is the power-transfer aspect that everyone thinks of first: *autonomy*, or the extent to which people have control over carrying out their work.<sup>3</sup> A customer service representative with low autonomy would have little authority over how he or she handled complaints. In contrast, a customer service representative with high autonomy, like Anna, would have great latitude in making sure customers are satisfied, such as by being able to issue credits or provide an additional product or service within reason.<sup>9</sup>

The second dimension is *impact*, or the extent to which an individual's work is perceived as making a difference in a company.<sup>3</sup> A software engineer who does low-impact work may handle a very small piece of code and never fully realize how this code allows a software product to function more effectively. An engineer who does high-impact work might be responsible for introducing code at various points in a software product's life cycle, thereby easily grasping how his or her work ultimately has a significant influence on the overall functioning of the product. When people see how the tasks they perform actually matter to the larger organizational mission and to people inside or outside the company, they tend to be much more motivated to go the extra mile.

The third dimension is *competence*, or the extent to which people believe they can carry out their work skillfully.<sup>3</sup> A medical technician in a hospital might be given additional responsibilities for various aspects of patient care without the requisite training and development critical to successfully completing the assigned tasks. Conversely, another technician might spend six months shadowing a more seasoned colleague and then be given responsibility for a broader array of patient-care tasks. If people do not feel competent at what they do, they will likely be

reluctant to take the risks to achieve the stretch goals that many organizations value today.

The last dimension is *meaningfulness*, or the extent to which people personally care about the work they do.<sup>3</sup> Clearly, different people find various tasks more or less meaningful, and one could say that meaning at work is in the eye of the beholder. A good example of meaningful work might be that done by a pediatric cardiac surgeon, as saving the lives of children every day would provide the type of transcendent meaning most of us could only dream about. Whatever the case, individuals who find what they do to be personally meaningful will often have a very high level of dedication and persistence because of the fulfillment that comes with performing tasks that are important to them. In fact, research has shown that meaningfulness is a powerful driver of employee motivation and performance.<sup>10</sup>

In summary, employees are said to be empowered when they believe that they have autonomy in their day-to-day work, think their work has an impact on an organization, feel competent at handling their responsibilities, and find their job to be personally meaningful.<sup>4</sup> Of course, a person could conceivably experience the four dimensions to different degrees, but research suggests that most individuals, when surveyed, score equally high or low across all the dimensions.<sup>4</sup>

The view of empowerment we have described borrows heavily from research on motivation. For example, the importance of impact and meaningfulness is described in research on the influential job-characteristics model, which posits that redesigning jobs in certain ways—for example, by giving people greater variety in the tasks they perform—helps people feel more motivated, which in turn leads to better job performance and greater job satisfaction.<sup>11</sup> The competence dimension is based largely on Albert Bandura's classic research on self-efficacy, which proposed that when people feel more confident about the tasks they are doing, they will perform better than those who feel less confident.<sup>12</sup> However, the forest is as important as the trees here. Using



# “we showed that autonomy is a necessary but not sufficient condition for empowerment”

several statistical analyses, researchers have consistently demonstrated that overall unitary empowerment (a measure assessing all four dimensions together) explains organizationally valued outcomes much more powerfully than do any of the dimensions alone.<sup>4</sup> That finding means that rather than studying the dimensions in isolation, researchers interested in empowerment should bring all four dimensions together to explain the factors that enhance individual and collective performance. Thus, the explanatory power of empowerment requires thinking of the concept as a gestalt: all four dimensions are intertwined and feed off of one another to achieve their effects on organizational outcomes.

The importance of these interactions helps to explain why a focus on autonomy alone—and use of the terms *autonomy* and *empowerment* interchangeably—is misguided.<sup>8</sup> Giving people complete control over a job that they find boring, routine, and meaningless is not empowering. Indeed, empowered teams are more likely to enhance their productivity when they are performing complex tasks, because this type of work is more likely to result in feelings of competence and a sense of meaningfulness and impact.<sup>13</sup> When we compared the effects of autonomy alone against the effects of multidimensional empowerment on a variety of team outcomes (such as team productivity and customer service), we found that multidimensional empowerment resulted in better outcomes. In other words, we showed that autonomy is a necessary but not sufficient condition for empowerment.<sup>14</sup>

Empowerment should not be viewed as a panacea for all organizational needs, and it is not the only intervention that produces desired outcomes. In specific situations, companies may achieve better results by forming

partnerships with outside companies, hiring consultants, or restructuring their organizations. Also, empowerment can be a powerful tool for organizations, but it requires employees to be ready and willing to take on more authority and responsibility and organizations to be ready and willing to support them.

We next describe common barriers to successful empowerment and then offer advice for overcoming the obstacles. See Figure 1 for an overview of the benefits of empowering employees and how to achieve such empowerment.

## Obstacles to Successful Empowerment Programs

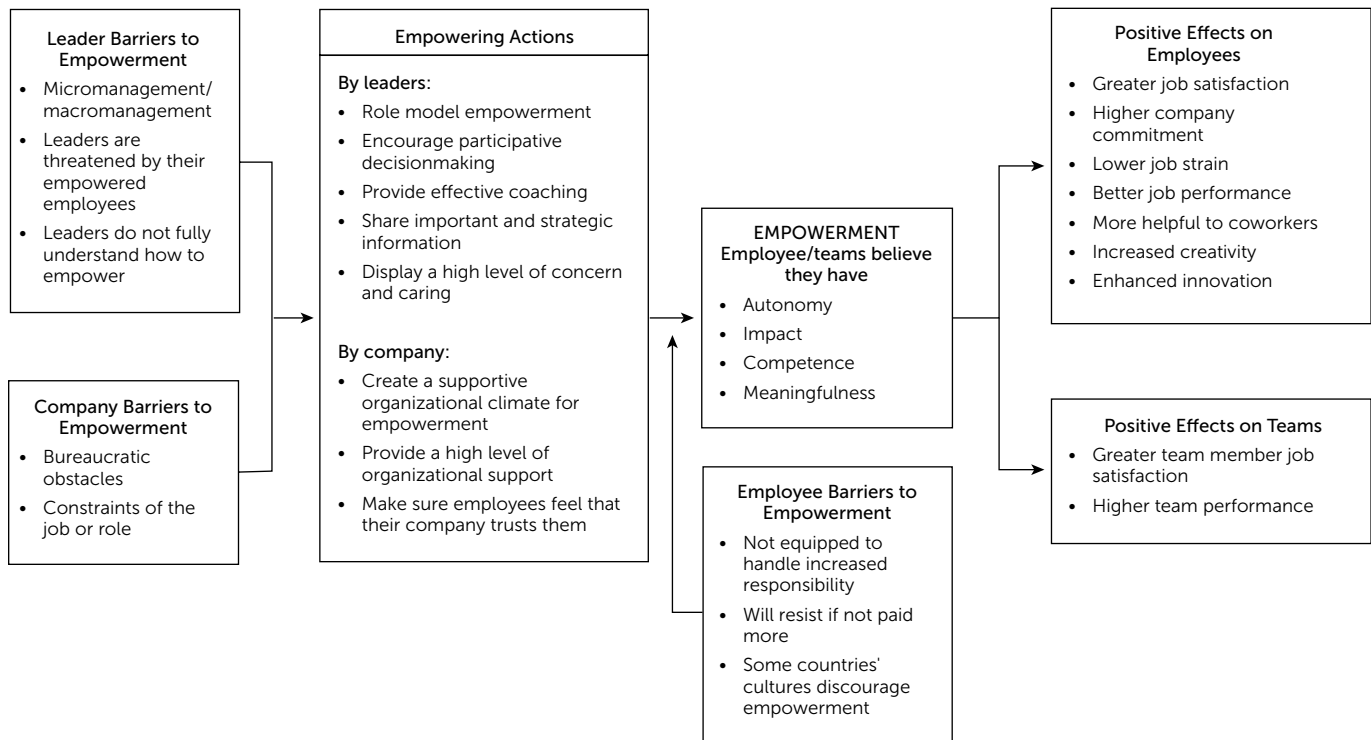
### Barriers Posed by Employees

Sometimes the employees themselves are the reason that empowerment efforts do not work well. They may resist taking on a broader set of responsibilities because they lack the needed knowledge and skills or do not want to handle increased demands and stress. Also, employees may object to assuming greater responsibility if the change does not come with a corresponding increase in salary or a promotion. Although doing more with less has become a mantra in today's hypercompetitive business world, employees will likely view such increases in responsibility without a commensurate increases in compensation or status as unfair.<sup>15</sup> There are, however, cultural differences in employees' reactions to empowerment efforts. In countries where citizens place less emphasis on status and hierarchy in society and organizations, such as the United States and other Western countries, employees often are more motivated by empowerment programs.<sup>16</sup>

### Barriers Posed by Leaders

Too often leaders (that is, managers at various levels) sabotage their own efforts at empowering those around them, in some cases because they do not know how to be empowering. A sweet spot exists for empowerment initiatives, and missing that target, by either underempowering or overempowering employees, is a common mistake.

**Figure 1. Barriers to empowerment, actions that promote it, & potential benefits**



Note. The actions recommended for leaders and companies are meant to overcome barriers to empowerment as well as promote it in other ways. Failure to overcome the barriers will lessen employee empowerment.

A prime example of underempowering employees is micromanagement: After encouraging subordinates to take on more responsibility, leaders sometimes end up closely monitoring the employees and making them feel overly constrained.<sup>8</sup> Instead, leaders have to delegate appropriately and trust their employees to behave in ways that are beneficial to the organization. Conversely, leaders may delegate responsibility and authority without providing needed coaching or guidance. (Remember the Levi Strauss supervisors' response to employee questions: "Y'all are empowered, y'all decide."<sup>7</sup>) This mistake is sometimes referred to as *macro-management*<sup>17</sup> and is just as bad as retaining too much control.

Empowerment does not mean relinquishing all leadership responsibilities; employees need to know the limits of their authority. When leaders fail to set clear expectations for what employees are supposed to take on, the results can be disastrous for both leaders and their subordinates.

One of the most significant impediments to employees' reaching high levels of empowerment occurs when leaders fear losing power and control and thus do not engage in the process enthusiastically. Managers might feel threatened by empowered employees, believing that power is a zero-sum game.<sup>18</sup> If they fear that empowering their employees means losing power themselves, they may be reluctant to engage. Or they may not want their employees to outshine them in performing their newfound responsibilities.<sup>8,19</sup> In truth, empowerment programs help maintain and increase the pipeline of leaders in companies, because low-level employees have a chance to prove themselves by taking on greater responsibility.

In a related worry, leaders may reason that if low-level employees are doing manager-level work, then upper management might conclude that midlevel managers are unnecessary. Yet managers who give more power, responsibility, and authority to their employees can focus on more appropriate leadership tasks



and actually gain more power. In many companies, managers' demonstrating the ability to empower their employees effectively is viewed as a critical stepping stone toward promotion.

The *science–practice gap*, as behavioral scientists call it, is another barrier to successful empowerment programs. Managers may not be aware of the research on empowerment in organizations, or they may not keep up with recent findings. They also may not have any exposure to or experience with empowerment practices.<sup>20</sup> As noted above, some managers still believe that empowerment means only one thing: giving power away. They do not recognize that increased autonomy needs to be accompanied by greater impact, competence, and meaningfulness, which collectively can enable employees to create more value for themselves, their leaders, and their company as a whole.



\$8 billion is spent on diversity training annually



Over 30 years empowerment has been recognized as a positive for organizations



50% of US organizations are expected to offer implicit bias training in the future

### Barriers Posed by Organizations

Empowerment programs should be aligned with the overall mission and culture of the organization and with the specifics of a job's requirements. Achieving this alignment can be tricky in organizations that have bureaucratic obstacles or when specific jobs come with rigid protocols, such as those that ensure safety. For instance, restrictive policies, procedures, and rules may pose limits on employees, acting freely and relying on their own discretion. We saw this effect firsthand when working with a U.S. government court system. Bureaucratic and legal constraints, which could not be bypassed, impeded our attempts to help managers fully empower their employees. Employees who were promised more decisionmaking latitude and responsibility found themselves thwarted by restrictive policies and rules, and they actually experienced more frustration and disappointment than they would have if they were never promised any empowerment at all. Indeed, researchers have shown that using empowerment-related practices for highly constrained jobs can backfire, resulting in lower employee motivation: employees whose tasks do not require problem solving actually become less satisfied when they are given responsibility for managing their own work.<sup>13</sup>

Thus far, we have argued that empowerment, when effectively implemented, helps individuals, teams, and organizations be more successful. And we have identified a number of challenges that companies face when trying to implement or expand empowerment programs. How can managers overcome these barriers? In general, leaders need to ensure that employees are ready, willing, and able to fully engage in an empowerment program. Further, organizations should teach managers how to model empowerment<sup>4,21</sup> and establish empowering organizational structures.<sup>4</sup> Fuller advice follows.

## Recommended Practices for Enhancing Empowerment Programs

### Guidelines for Preparing Employees

Empowerment programs should focus on all four of the dimensions of empowerment—autonomy, impact, competence, and meaningfulness—when preparing employees for change. These components have value: A study published in *Harvard Business Review* reported that 90% of workers would take a pay cut to do more meaningful work.<sup>22</sup> As noted, employees will need additional training and development to take on increased authority and responsibility. This might mean internal training for expanded jobs or external leadership development programs that focus on enhancing the skills needed to influence others. Some employees may find empowerment intellectually taxing and emotionally stressful, particularly in the beginning. Ensuring that coaching and counseling are provided can help support employees through the transition. And, if the transition occurs without an immediate increase in pay or a title change for employees, employees need to hear from their managers about how their new roles will lead to long-term gains in visibility and impact, which should, in turn, lead to future job advancement.

Effective models of organizational change have some common themes, such as making sure employees recognize the need for change, being specific about what the change will entail,

# “leaders must let go of any fears they have about losing control over the decisionmaking process”

encouraging buy-in for the change, and having the appropriate structures and resources in place to sustain and reinforce the change.<sup>23</sup> At the onset of the transition, as we noted earlier, leaders and employees alike need to be ready, willing, and able to implement empowerment programs. What can be done to prepare people for the programs?

- **Ready.** It is critical to communicate the reasons why empowerment is needed.<sup>24</sup>
- **Willing.** Research has shown that employees' willingness to commit to organizational changes that increase empowerment—which they may view as threatening—depends on being convinced that the change is necessary and legitimate and that the employees will be supported.<sup>25</sup>
- **Able.** Quite often, empowerment is part of a larger suite of human resource programs referred to as *high-performance work systems* (HPWS). HPWS are designed to staff the organization with capable employees that fit the organization's mission and culture and to provide employees with the information and discretion necessary to capitalize on their capabilities and commitment.<sup>26</sup> Because empowered employees will take on new and additional duties, they require training and support.<sup>27</sup>

In one example of the importance of enabling employees to take on new responsibilities, John Mathieu (one of the authors of this article) and his colleagues in 2006 described a successful empowerment program that involved a large network of service technicians. The organization moved from a model in which individual technicians completed work orders assigned to them by their supervisors to one in which geographically assigned teams managed their own work assignments. In addition, team technicians were collectively responsible for outcomes.<sup>28</sup>

## How Leaders Can Facilitate Empowerment

**Be a Role Model.** The conventional management wisdom to “walk the talk” is supported by research on leader behavior that fosters empowerment.<sup>4,29</sup> Leaders who are themselves empowered and who show dedication and diligence can inspire their employees to make similarly strong efforts and to feel good about being empowered. For example, if managers model empowerment by taking on more responsibility without expecting or receiving a new title and a higher salary, they may inspire employees to do the same without resentment. There is also tremendous power in leaders, sharing their own empowerment journeys with their employees. Indeed, storytelling is an important way that managers can instill a sense of confidence in their employees. Employees can see empowerment in action and trust that their leader really does want them to undertake a similar journey.<sup>8</sup>

## Encourage Participative Decisionmaking.

Most leaders have probably heard about the advantages of letting employees have a say in decisions that managers ultimately make. In this case, conventional wisdom lines up nicely with the behavioral science research. When employees have input; when they feel listened to, respected, and valued; and when they believe they have a voice, they will experience higher levels of empowerment and, in turn, will perform better and have higher job satisfaction.<sup>30,31</sup> The most important thing about employee participation in decisionmaking, however, is to make sure that employee input is truly heard, considered, and, when appropriate, acted on. Little is more demotivating to employees than a leader's going through the motions of taking suggestions or holding employee roundtables and then not implementing any employee-generated ideas. Leaders can enhance the process of participative decisionmaking by providing direct feedback to employees about how their ideas and suggestions were received by higher-level

managers and how their ideas actually got implemented.<sup>32</sup> Further, leaders must let go of any fears they have about losing control over the decisionmaking process; otherwise, such concerns could short-circuit employee participation.

**Provide Coaching.** To be able to take responsibility for making good decisions on their own, employees will need coaching and clear communication from their leaders. How do the employees' roles and responsibilities contribute to the larger purpose of the group or company? What does a successful result look like? How can they get help with their expanded responsibilities? How much should they keep the leader in the loop? And how much authority do they actually have?<sup>8</sup> Leaders who add responsibilities without providing such coaching and support—that is, leaders who macromanage—can cause empowerment programs to dissolve into mass confusion and failure. Likewise, leaders who are heavy-handed and end up coaching by micro-managing also diminish any true employee empowerment experiences. Thus, establishing expectations very early in the empowerment process is key for long-term success.<sup>18,33</sup> Effective coaching can also help to overcome employee resistance, especially for those who feel uncomfortable taking on unfamiliar roles. Leaders may need to provide extra coaching when difficult assignments and challenges arise, but they must do so without taking over.

**Share Strategic Information.** Expanded employee responsibilities should come with greater access to big-picture information. When employees know more about how their role fits in with the overall goals of their organization, they are more likely to feel that their work has impact and is meaningful. Remember that many employees would trade a higher salary for greater meaningfulness at work;<sup>22</sup> this fact underscores the value of sharing strategic information. Leaders should be as open as possible about where the company is headed, how its strategy is working (or not working), and how employee efforts contribute to these high-level objectives.<sup>8</sup> Having open forums in which employees get a chance to ask questions is key,

because it allows people to see the big picture and the struggles of an organization and clarifies how individual efforts connect to the greater whole.

**Display Concern & Caring.** Leaders must attend to their relationships with empowered workers. Solid evidence shows that high-quality relationships between managers and employees correlate with a host of positive outcomes for organizations, such as better job performance, greater organizational commitment, and higher job satisfaction, as well as lower intentions to quit.<sup>34</sup> And when employees feel that their leaders have their best interests at heart and will take the time to understand their individual situations, they are much more likely to experience high levels of empowerment.<sup>8</sup> Such behavior could also help to offset some of the discomfort employees feel when they are taking on new responsibilities. Of course, relationship building takes time, and the process and duration will vary with the personalities of the individuals involved. Nevertheless, managers who are inclined to eschew small talk with employees as a waste of time would do well to reconsider that view, because small talk can be a valuable component of relationship building.

**Summary.** These five leadership behaviors might be viewed simply as good overall leadership practices. We do not disagree. All these actions would be expected to advance employees' well-being irrespective of empowerment. Even so, the practices are critical for enabling employees to become empowered and for empowerment programs to be successful. Leaders who fail to undertake any of these behaviors can hamper the success of their companies' empowerment efforts. As noted, plenty of research supports the view that leaders who exhibit the five behaviors described in this section increase employee empowerment, and we encourage leaders to stay abreast of this research so as to continue to close the science–practice gap.<sup>8</sup>

### How Organizations Can Increase Employee Empowerment

In addition to steps that individual leaders can take to enhance employee empowerment,

actions at higher levels of the organization are needed as well, to reinforce leader behavior.

**Create a Supportive Climate.** Every organization has a culture—shared norms, values, and beliefs—that create an overall climate in which employees function. Organizational climates may need to be modified to promote empowerment company-wide.<sup>4</sup> Make sure that empowering leadership practices are instituted as broadly as possible throughout the company.<sup>8</sup> Although some work has shown that managers who excel at empowering employees can compensate for less-empowering managers,<sup>35</sup> we still advocate for trying to avoid isolated pockets of poor practice. Employees often move between different teams or divisions of a company, and ideally they would feel supported everywhere. Achieving an organization-wide empowering climate takes more effort than just making sure all managers individually display appropriate leadership behavior. The leaders must work together collectively to promote empowerment for all employees.<sup>8</sup> Supportive organizational climates will also help to overcome the barriers to empowerment that are associated with bureaucratic obstacles, policies, and procedures. If leaders have the leeway to break down burdensome practices—for example, a multilevel approval process—then employees can exercise their judgment and take more responsibility for their actions. Likewise, overly restrictive rules can constrain employees' decisionmaking and thus their autonomy.

A popular case study in the organizational research literature describes an empowerment program in an oil refinery, where both organizational policies and job requirements did not, at first glance, appear to be a good fit for employee empowerment because of the constraints posed by safety protocols.<sup>36</sup> The case study features a manager who taught employees the steps required for solving problems and then expected them to make good decisions, which they eventually did. Health care is another tightly regulated and high-consequence work environment. In these settings, empowerment programs must strike a balance between adhering to standardized

practices and providing employees with the freedom to innovate.<sup>37,38</sup>

**Provide High-Level Organizational Support.** For employees to feel truly empowered, they must believe that their company wants them to be empowered, cares about their well-being, and has their best interests at heart.<sup>4</sup> This kind of support is particularly important when employees are expected to take risks or when they are asked to accomplish objectives and tasks that they have not handled before or that they are trying to do in a new way. They need to feel safe enough to think outside of the box without fear that their ideas will be summarily dismissed.<sup>8,39</sup> The organization must have structures in place to support employees' risk-taking behaviors. The HPWS mentioned earlier are an example of such a structure. They emphasize recruitment and selection of employees and leaders who are ready and willing to be empowered, and they provide appropriate training for those employees. In addition, HPWS offer rewards for engaging in empowerment practices. Indeed, research on HPWS has described a climate of support and shown that employees feel that their firms empower them.<sup>32,40</sup>

**Cultivate Trust.** Employees also need to know that their company trusts them with having the authority and responsibility to act in empowered ways.<sup>4</sup> We distinguish trust from support because simply wanting one's employees to be empowered and giving them more freedom and discretion is not a strong enough emotional foundation. It is when employees truly know that their company is going to trust them to do the right thing that they can exercise their newly empowered status.<sup>4</sup> Trust should help to create positive gain spirals or feed-forward loops of empowerment, because each time an employee takes a higher level action and receives positive feedback, the employee will feel more empowered to take on the next challenge. Employee empowerment improves performance; in turn, better performance allows for higher levels of empowerment.<sup>8</sup> Such positive spirals can have exponentially more positive effects for employees and their organizations. A high level of trust from companies is necessary to make

# “employees who feel that they are not empowered are likely to be less productive and less satisfied”

sure employees know that they can indeed use discretion in the workplace to generate new ideas and innovate.

**Summary.** In general, leaders need to ensure that employees are ready, willing, and able to be empowered, and organizations should teach managers how to lead employees,<sup>4,21</sup> in addition to instituting empowering organizational practices.<sup>4</sup> The empowering organizational practices we have discussed represent good company-wide approaches to motivating and leading employees. These practices have also been shown by research to increase employee satisfaction with their empowerment.

## How Do Companies Prevent Empowerment Programs From Losing Steam?

An empowerment initiative should not be seen as a one-time change but rather as an ongoing process that will require periodic reinvigoration, given that the basics of sustenance are review, revise, and refresh. For example, one study contrasted two empowerment interventions that started out equally well, with one sustaining its effectiveness and the other losing its momentum.<sup>24</sup> In the successful effort, after individual employee goals were set and action plans were developed, managers reviewed progress with employees frequently. In the unsuccessful effort, managers lost focus and failed to review progress, and empowerment efforts fizzled.

Regular review offers a chance to revise action plans and goals. The study on the two empowerment interventions demonstrates that if an empowerment program is not flexible enough to adjust in response to changing conditions or

to aspects that are not working, it will stagnate and become less relevant. Building in planned reviews and expected revisions helps to instill a continuous improvement culture and paves the way for revitalization efforts.

A flexible, successful empowerment program can have benefits beyond improved operation of a company: It can serve as a foundation for other human resource programs. For instance, empowered employees are well suited for participating in systems that encourage the sharing of leadership across a team (shared-leadership systems),<sup>41</sup> taking the initiative to change their own jobs to make them more intrinsically motivating (job crafting),<sup>42</sup> and setting priorities when they belong to multiple teams simultaneously (orchestrating multiple team membership arrangements).<sup>43</sup>

## Policy Implications of Empowered Employees & Organizations

If the people who set policies for organizations have doubts about the benefits of encouraging employee empowerment, the study reporting that 90% of people would take a cut in pay in exchange for having meaningful work should put their concerns to rest. That study, conducted in 2017 by BetterUp Labs, a leadership development platform based in San Francisco, asked 2,000 employees from various companies about aspects of empowerment. The investigators found that nine of out 10 respondents “would sacrifice 23 percent of their future earnings—an average of \$21,000 a year—for ‘work that is always meaningful,’” but unfortunately most respondents felt their current work was only “about half as meaningful as it could be.”<sup>44</sup> Other work has shown that employees who feel that they are not empowered are likely to be less productive and less satisfied; in addition, they may experience burnout along with poor emotional and mental health. Empowered employees and organizations serve the public interest because of the many tangible and intangible benefits associated with employees’ experiencing higher levels of autonomy, impact, competence, and meaningfulness in their work. Empowered employees who experience all

four of these dimensions end up being happier overall (that is, they are more satisfied with their lives than less empowered employees are),<sup>45</sup> because these benefits spill over into their personal lives.

When building an empowerment program, organizations should take both a bottom-up approach (selecting employees who are predisposed to responding to empowerment positively) and a top-down one (selecting leaders who are motivated and comfortable with empowering those around them). This strategy will properly align the “empowerers” with the “to-be-empowered.”

Organizations also should attend to other policy implications. For example, David Lepak and Scott Snell have argued that to most effectively motivate employees, an organization should have a set of human resource practices that are aligned with one another rather than practices that are used independently.<sup>46</sup> These aligned practices might include not only ones specific to employee empowerment but also those focused on promotion from within, comprehensive and continuous training opportunities, performance appraisals that highlight learning and development, and compensation programs that incentivize new ideas and innovation.

Human resources policies should also hold organizational leaders and employees accountable for the amount of empowering leadership and the empowerment they demonstrate, respectively. For job performance appraisals of organizational leaders, human resources appraisal systems should be modified to include measures of specific empowering leadership behaviors, such as serving as a role model, coaching effectively, and displaying care and concern for employees. Multirater feedback can then be used to assess the extent to which leaders actually exhibited the behaviors. Much the same approach—that is, with a modified appraisal system and multirater feedback—could be used to assess the level of empowerment employees are demonstrating. In addition, reward systems should be modified to encourage leaders and employees to exhibit relevant behaviors. These reward programs

need not be costly. Indeed, simple feedback and acknowledgement go a long way in reinforcing employees’ behaviors.<sup>47</sup>

## Conclusion

In summary, there has been a disconnect between disappointing real-life experiences with empowerment programs and the empirical research that overwhelmingly demonstrates positive effects for both individuals and organizations. We maintain that the biggest source of the disconnect is the flawed way in which many empowerment programs are implemented. As in most areas of management, the devil really is in the details. We hope to help remedy the disconnect by raising three key points.

First, empowerment is often mistakenly viewed as consisting of only one dimension; that is, it is misunderstood as meaning simply the transfer of power from managers to employees. However, empirical behavioral science research shows that basing empowerment initiatives on this simplistic understanding is unlikely to improve performance. Employees will truly and completely experience the positive impact of empowerment only when increased power (referred to here as *autonomy*) is accompanied by their feeling competent and having the sense that their work is meaningful and impactful.

Second, to facilitate the effective implementation of empowerment programs, leaders need to be trained and rewarded for (a) being role models who demonstrate the hard work and empowerment they expect to see from their employees; (b) encouraging employees to actively participate in decisionmaking; (c) providing coaching so that employees feel more confident about being empowered; (d) when possible, sharing important and strategic information with employees so that they can see how their work fits into the big picture; and (e) displaying a high level of concern and caring so that employees know that their leaders have their best interests at heart.

Finally, organizations can help smooth the way to effective empowerment program implementation by making sure that they (a) create



a supportive organizational climate for empowerment by ensuring that managers collectively support empowerment initiatives throughout entire companies; (b) provide a high level of practical organizational support to ensure that empowering leadership is practiced as widely as possible throughout a company; and (c) display a high level of trust in employees so that the employees know companies have their back when they take the kinds of risks and initiatives expected when empowerment programs are in place. We believe that by instituting these important data-driven policies, companies will be much better positioned to power up their employees, teams, and organizations for maximum success.<sup>48</sup>

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# Designing more effective practices for reducing workplace inequality

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## abstract

To explore the effectiveness of behavioral policy interventions on workplace inequality, we focus on four categories of interventions: affirmative action practices, targeted human resource management, diversity training, and accountability and transparency practices. We assess the impact of each of these approaches on improving employment outcomes for women and underrepresented minorities, and we highlight the approaches' key design features. On the basis of this review, we offer recommendations for developing and implementing organizational policies and practices to increase workforce diversity and career growth at all levels and to decrease discrimination in the workplace. We also suggest directions for researchers, organizations, policymakers, and regulatory bodies to pursue.

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## Core Findings

### What is the issue?

A number of interventions have been proposed and implemented to reduce workplace inequality and increase the representation of minority groups. But are they effective, and how can they be made more so? Undertaking a critical analysis of affirmative action, targeted human resource management, diversity training, and accountability and transparency practices allows stakeholders to assess where and how these interventions should be prioritized and improved.

### How can you act?

Selected recommendations include:

- 1) Switching to identity-conscious human resource practices over identity-blind formal evaluations
- 2) Implementing integrated, systemic approaches to diversity training rather than simply offering standalone training programs

### Who should take the lead?

Researchers, policymakers, and stakeholders in human resources and labor

In the past 60 years, U.S. corporations have developed many approaches to reducing workplace inequality in hiring and promotion, spurred both by legislation and by the changing composition of the nation's workforce. On the legislative front, the civil rights movement of the 1960s galvanized the U.S. Congress to pass a collection of laws meant to prevent discrimination based on sex, age, race, color, national origin, disability, or religion. Notably, Title VII of the Civil Rights Act of 1964 defined *discrimination* as practices or policies that "limit, segregate, or classify" employees and job applicants in any way that would deprive them of employment opportunities "because of such individual's race, color, religion, sex, or national origin."<sup>1</sup>

By the late 1980s, changes in America's workforce further prodded employers to take steps to combat bias. A 1987 report published by the Hudson Institute estimated, for instance, that women, people of color, and immigrants would comprise the majority of new entrants into the workforce by 2000 and that White males would become a minority in the workforce.<sup>2</sup> Organizational leaders and policymakers understood that they would have to develop new approaches to reducing discrimination in this more heterogeneous workplace.

As predicted, labor statistics and other data show that workforces have become proportionally more female and less White in the first two decades of the 21st century.<sup>3</sup> Experience has led to the identification of "best practices" that have been subsequently recommended for creating equal opportunities for all employees and for realizing the benefits of increased diversity, which can include improvements in organizational functioning and performance at different levels of organizations.<sup>4</sup>

However, there is scant research-based evidence to demonstrate the effectiveness of these recommended practices. This paucity raises the question of which ones truly deserve to be labeled *best*. Widespread gaps in representation still exist: women and minorities, respectively, represent 4% and 2% of low- and midlevel officials and managers in the U.S. workforce. Combined, they represent less than

1% of executive and senior-level officials and managers.<sup>5</sup>

In this article, we review multiple studies of the effectiveness of the four most widely used categories of intervention: affirmative action practices, targeted human resource management, diversity training, and accountability and transparency practices (see Practices for Increasing Workforce Diversity & Addressing Workplace Inequality). We examine how well the practices improve hiring and promotion for women and underrepresented minorities, and we highlight the effects of key design features. On the basis of this review, we offer recommendations for designing interventions to address workplace inequality and suggest strategies that can be used to improve policies meant to promote equal opportunity and diversity in organizations.

## Affirmative Action Practices

Affirmative action regulations adopted by the U.S. Congress in the 1960s generally preceded corporate diversity programs. Executive Order 10925, issued by President John F. Kennedy in 1961, required government contractors and subcontractors to "not discriminate against any employee or applicant for employment because of race, creed, color, or national origin" and to "take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin."<sup>6</sup> The regulations required affirmative action programs to compare the composition of a contractor's workforce to the makeup of available labor pools.<sup>7</sup> If women and minorities were not being hired at a rate consistent with their availability in the relevant labor pool, a contractor's affirmative action program would have to include specific steps to address such discrepancies and achieve higher representation in the workforce. The company might have to assign responsibility for program implementation, develop goals and timetables, establish policies and practices to ensure equal access to opportunities, and create internal reporting and auditing systems. Of these, the goals and timetables component has attracted the most

## “research provides some evidence that managers are influenced by unconscious bias.”

discussion and controversy, leading to accusations of reverse discrimination. The perception was that men and populations not included in affirmative action programs would now experience discrimination as a result of preferences given to women and historically underrepresented minorities. Affirmative action's overall effectiveness also has been called into question.

In 1985, an analysis of archival data from more than 19,000 compliance reviews conducted by the Office of Federal Contract Compliance Programs in the mid-1970s provided early evidence that affirmative action programs can increase the employment of members of underrepresented groups.<sup>8</sup> Researchers examined the impact of various enforcement actions, such as setting affirmative action goals and submitting progress reports, on workforce demographics. By comparing projected versus actual employment rates by gender and race over a two-year period, the researchers found that affirmative action goals and timetables were the strongest predictors of greater workforce diversity. The use of goals and timetables increased employment for all demographic groups whose numbers in the population were expected to rise, although their employment rates fell far short of the goals. These results suggest that having affirmative action goals and timetables can help to motivate organizations to address employment discrimination, but the organizations might need to do more to reach the desired targets.

Researchers conducting a more recent study examined the EEO-1 compliance reports (an annual survey submitted to the federal government that indicates racial, ethnic, and gender breakdowns of employees by job category) of 708 private-sector organizations for 1971–2002 uncovered similar results.<sup>9</sup> Over those three decades, affirmative action plans increased the likelihood of White women and Black men being in management by 9% and 4%, respectively. At the same time, the odds of White men being in management were reduced by 8%. The

data also showed that results varied by industry, leaving some questions about the conditions under which the policies work. For example, the representation of Black women in management grew in service industries but declined in manufacturing sectors, such as technology and transportation.

### Targeted Human Resource Management

In the intervening years, many organizations have elaborated on the affirmative action programs defined by Kennedy's executive order with formalized human resources (HR) policies, practices, and procedures that are meant to remove barriers to employment and advancement for underrepresented groups.<sup>10</sup> These formalized HR structures come in many forms but tend to be categorized by the degree to which they purposely take group membership into consideration.<sup>11</sup>

On the one hand, *identity-blind practices*, such as delivering standard tests to prospective employees and using performance-review forms that are based on objective measures, require managers to make employment decisions based more on performance metrics than on demographics. The argument in favor of identity-blind structures holds that managers and supervisors may unconsciously be influenced by personal biases if they are given the latitude to take a person's demographic characteristics into account when making decisions about hiring and promotion, thereby engaging in employment discrimination.<sup>12</sup> In theory, omission of extraneous criteria (such as sex, religion, or ethnicity) should remove managerial discretion and thus the potential for conscious or unconscious bias.

*Identity-conscious or targeted practices*, on the other hand, incorporate both objective performance measures and demographic characteristics into decision-making processes. This approach is based on the assumption that

## “identity-conscious practices may be more effective than identity-blind structures for improved hiring and advancement of women and minorities.”

targeted efforts are needed to remedy past injustices and current employment discrimination, because standard HR structures may create the potential for bias.

It is important to note that although the formalized identity-blind and identity-conscious HR structures can differ as to whether group membership is explicitly taken into account, both kinds of structures aim to have hiring and promotion decisions made on the basis of individual merit regardless of demographic or other personal characteristics.

Research provides some evidence that managers are influenced by unconscious biases. For example, personnel data from 8,898 employees of a private organization revealed different rates of salary growth over a seven-year period for equal-ranking employees who had received comparable performance evaluation scores.<sup>13</sup> Interview data and an analysis of gender, race, and national origin revealed biases in advancement decisions when supervisors had discretion in recommending salary increases for specific employees or when HR had an opportunity to approve or reject supervisors' compensation recommendations.

Such findings might suggest that employment tests for prospective employees, standardized performance evaluations, and other identity-blind HR management tools meant to limit managerial discretion would reduce discrimination by providing more objective data for hiring and promotion decisions. Yet a study that combined survey data for 816 private-sector organizations' formal HR practices with their matched EEO-1 data over the course of 30 years showed that limiting managerial discretion often failed to reduce discrimination.<sup>14</sup> For instance, an analysis of employment outcomes for eight demographic groups within managerial workforces (White, Black, Hispanic, and Asian men and women) found that standardized

performance evaluations decreased the share of management jobs for White women and that job tests for prospective employees reduced hiring for all groups except White and Asian men. Identity-blind formalized structures, then, seem to fall short at addressing workplace discrimination, perhaps because managers intentionally defy such control efforts or because their unconscious biases influence their decisionmaking, leading them to override the results of more objective measures. A study of archival data from public agency diversity programs that incorporated a broad set of attributes, including work experience, organizational role, and work style, showed that the establishment of diversity programs that did not focus efforts on specific demographic groups actually resulted in lower promotion rates for minority employees across 137 agencies and subagencies.<sup>15</sup>

Overtly identity-conscious practices result in better employment outcomes for women and minorities in both the public and the private sectors, according to other research. For example, a field study using survey data from 138 public and private organizations found that in organizations that implemented a greater proportion of identity-conscious practices, women tended to achieve higher rank, and people of color were more represented in management.<sup>11</sup> Taken together, research on formalized HR structures suggests that identity-conscious practices may be more effective than identity-blind structures for improved hiring and advancement of women and minorities in the private and public sectors.

Beyond having formalized policies for evaluating employees, organizations may also use targeted strategies for recruitment. Many organizations rely on conventional recruitment sources such as job fairs and online job postings to build large talent pools,<sup>16</sup> but some also turn to targeted recruitment to diversify those

## Practices for Increasing Workforce Diversity & Addressing Workplace Inequality

### Affirmative Action Practices

*Practices that compare the composition of an organization's workforce to available labor pools and address underutilization of women and minorities*

- Affirmative action plans
- Affirmative action goals and timetables
- Progress reports

**What the research says:** Having affirmative action goals and timetables can help organizations reduce employment discrimination, although ultimate employment goals may be missed and results can vary from industry to industry.

### Targeted Human Resource Management

*Practices that incorporate both individual performance and demographic characteristics into human resource decisionmaking processes*

- Special recruitment programs
- Mentoring for women and/or minorities
- Networking for women and/or minorities

**What the research says:** Recruitment, mentoring, and networking programs targeting women and minorities can reduce inequality in hiring and promotions more effectively than identity-blind practices, such as standardized employment tests and evaluations. However, results may be mixed depending on organization size or other characteristics.

### Diversity Training

*Programs designed to reduce individual biases and create awareness of the importance of diversity in an organization*

Training to increase

- awareness of cultural differences and diversity beliefs
- knowledge of diversity issues
- skills for interacting and working with others

**What the research says:** Diversity training may be effective for addressing individual biases and improving employee relationships. For maximum impact, such training should be intensive, interactive, and delivered as part of a broader organizational effort to promote diversity.

### Accountability & Transparency Practices

*Practices that assign responsibility for addressing workplace discrimination and make information on organizational decisionmaking available to all employees*

- Full-time affirmative action, employment opportunity, or diversity managers
- Diversity task force or committee responsible for coordinating and monitoring an organization's diversity efforts
- Linking diversity goals to managers' performance reviews and/or compensation
- Job postings and ladders (which describe the progression for certain roles in an organization)
- Human resource review for ensuring equity in an organization's hiring and promotion practices

**What the research says:** Accountability and transparency amplify the beneficial effects of having affirmative action goals and using targeted human resources practices. Having people or committees specifically dedicated to reducing inequality seems to be more effective than relying on managerial efforts to meet diversity goals.

pools. Such strategies include encouraging members of specific demographic groups to apply, recruiting at women's colleges and at historically Black colleges and universities, and attending job fairs in minority communities. Research suggests that targeted recruiting practices for women and minorities can increase workforce diversity and increase the representation of these groups in management by 2% to 18%.<sup>14</sup> Specifically, studies showed that targeted recruiting grew managerial representation across all groups except for White men, whose share of management jobs decreased. Internal organizational efforts to recruit women into general management training were likewise found to increase the share of management jobs for White women by 11%, although those efforts also somehow raised the share of management jobs for Asian men. This last finding suggests that the beneficial effects of targeted recruitment of women for management training may arise indirectly, through diversifying applicant pools in general and causing people throughout the organization to become engaged in the effort to expand diversity.

Targeted approaches can also be applied to career development programs, which are designed to enhance employees' knowledge, skills, and abilities relating to career growth and mobility.<sup>17</sup> Such programs include initiatives like internships, career tracks, mentoring, networking, and employee resource groups. Evidence suggests that opportunities to engage in career development programs have not been equally available to all employees because of unconscious biases in managers and lack of access to social networks.

To address such disparities, reduce social isolation within organizations, and create opportunities for those with leadership potential to advance to senior levels, targeted development programs have been created for women and minorities. Unfortunately, the research findings on the effectiveness of targeted development programs have been mixed. One study of the demographic profiles and diversity practices of 137 large companies found them to be positively related to manager racial diversity.<sup>18</sup> Specifically, greater

implementation of targeted development programs such as internships and career tracks for racial minorities was associated with greater representation of African-American, Hispanic, Asian, and Native American employees in management. However, because these effects were strongest in smaller firms, it is conceivable that the results have more to do with some aspect relating to the size of the firms than with the nature of the interventions.

Other research has yielded some positive and some negative results. Targeted networking programs were found to result in advances for White women but not for White or Black men.<sup>9</sup> The varied results suggest that the effectiveness of such programs for addressing workplace inequality may depend greatly on particular characteristics of the organization and the individuals who handled recruitment into the programs.

## Diversity Training

Although formalized HR structures are intended to limit the effects of managers' unconscious biases, research suggests that how well such structures are established and used depends heavily on whether managers favor those policies. Leaders' support for equal employment opportunities and affirmative action has been shown to influence the extent to which identity-conscious structures are developed and whether they are effective in improving hiring and advancement for underrepresented groups.<sup>11</sup> Accordingly, many companies have instituted diversity training, which is largely intended to reduce bias and create awareness that diversity in organizations is valuable.

But research examining the effectiveness of diversity training has found very limited effects on the representation of women and minorities in managerial ranks.<sup>9</sup> Although diversity training may not always be effective for reducing discrimination in hiring or promotion, the programs might nonetheless be valuable for changing individual attitudes in the workplace, which might then lead to the enactment of other programs that address workplace discrimination.

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2%

Representation of minorities amongst low-and midlevel officials and managers

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1%

Combined representation of women and minorities amongst executive and senior-level officials and managers

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2% - 18%

Increase in management diversity from targeted recruiting practices for women and minorities

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Diversity training programs can vary as to whether they are intended to change cognition (knowledge of diversity and awareness of one's own and others' biases), attitudes (perceptions or feelings about diversity), or behavior (skill at taking less-biased actions). A review of research on diversity training shows that it has greater effects on cognition- and skill-based learning than on attitudes.<sup>19</sup> And a meta-analysis of approximately 258 studies reveals that changes achieved in attitudes and behaviors are susceptible to decay after training has ended.<sup>20</sup> These findings suggest that organizations may realize the highest return on their diversity training investment through cognition-based programs, but the data also raise the question of why the outcomes are so variable.

A recent meta-analysis of approximately 39 diversity training studies<sup>21</sup> attributes such variability in outcomes to differences in the nature of the training programs, such as whether they include opportunities for social interactions between participants. Diversity training that incorporates active forms of instruction, such as simulations and discussions, and training by a person rather than an online program were shown to produce larger learning effects overall. Diversity training interventions of longer duration, especially those taking more than four hours, also tend to yield stronger effects on trainee attitudes as well as on knowledge- and skill-based learning.<sup>21</sup> Taken together, research suggests that more intensive and engaging diversity training is more effective for addressing biases and establishing conditions that help to reduce workplace discrimination.

Consistent with the findings from research on formalized HR structures, studies have shown that systemic approaches, in which diversity training is part of a larger group of practices, have stronger effects on learning outcomes than standalone training programs do. Training that is offered as part of a broad program of education about diversity or integrated within a broader set of diversity initiatives generates larger effects on trainee attitudes and behavior than one-off programs do.<sup>21</sup> Trainee motivation to learn from the programs and changes in attitude tended to be stronger when diversity

training was mandatory or was delivered by internal managers or supervisors.<sup>22</sup> Hence, programs that frame the training as being significant to the organization and that demonstrate leadership's commitment to diversity would be expected to be best at motivating participants to want to learn and at achieving greater learning. Diversity training in organizations works better when the organizations make it clear that the training is a priority and engage managers in the training process.

## Accountability & Transparency Practices

Accountability structures that assign responsibility for addressing workplace discrimination to specific people vary in their effectiveness, depending on their design and implementation. There has been mixed support for evaluating managers' performance and determining compensation based on how well diversity goals have been met. Studies have shown that such practices correlate positively with managerial diversity but also vary in their effects on different demographic groups. In one study, diversity-linked evaluations resulted in a 6% increase in White female managers but an 8% decrease in Black male managers.<sup>9</sup> In another study, the combination of appraisals and bonuses linked to diversity goals increased the representation of Asian Americans in management.<sup>18</sup> Although one might assume that holding managers responsible for achieving diversity goals would motivate them to take steps to address workplace discrimination, this kind of accountability may produce unwanted consequences. Researchers speculate that accountability structures that hold managers responsible for specific diversity outcomes can, in some instances, actually make the managers more biased, because they focus more on achieving the goal than on the processes for reaching it.<sup>22</sup>

Establishing organizational accountability—that is, creating jobs or offices that are assigned the responsibility of reducing workplace discrimination—may be more effective than holding existing individual managers accountable. For example, appointing full-time diversity



# “Combining organizational accountability structures with transparency magnifies the positive effects of transparency”

managers or diversity committees who are responsible for coordinating and monitoring an organization's efforts has been found to increase managerial representation of White women by 11% to 19%, Black women by 13% to 27%, and Black men by 12% to 14%.<sup>9,14</sup> Diversity managers have also increased the likelihood of Hispanic and Asian women reaching management positions.<sup>14</sup> These findings highlight the effectiveness of accountability practices for reducing discrimination across racial groups. In addition to having direct effects on diversity outcomes, diversity managers have also been shown to mitigate the negative effects of formalized HR structures, such as job tests and performance evaluations, on several demographic groups. Targeted HR structures, such as networking and mentoring programs, and practices to reduce managerial bias, such as requiring diversity training and linking managers' evaluations to diversity efforts, work better when combined with organizational accountability structures.<sup>9</sup>

Recent research also suggests that the effects of organizational accountability are improved by transparency about how hiring and promotion decision are made. Policies that require all open positions to be posted for current employees and that specify the job requirements for such positions have been shown to increase the representation of certain groups within an organization's managerial ranks.<sup>14</sup> Such transparency helps provide all employees with equal access to job opportunities. Combining organizational accountability structures with transparency magnifies the positive effects of transparency. Building on research that examined bias in promotion and salary growth when managers were given discretion in such decisions,<sup>13</sup> a

follow-up study that used personnel data from 9,321 exempt and nonexempt employees of a private organization showed the additive effects of combining accountability and transparency.<sup>23</sup> In particular, the appointment of a committee to review (and revise) performance-related reward decisions combined with the sharing of data on such decisions across work units and demographic groups brought about reductions in pay gaps across groups. Overall, the findings in this area suggest that accountability and transparency, by themselves or in combination, may be effective for addressing workplace discrimination.

## What Can Organizational Leaders & Policymakers Do?

By highlighting the most successful policy interventions for reducing workplace inequality, we use the research reviewed here to provide guidance on strategies for addressing the problem. Studies have revealed the benefits of strategies like formalizing policies, coupling multiple approaches, providing oversight, and engaging employees throughout the organization in efforts to combat inequality.

Formalized HR structures—particularly targeted practices that take both group membership and individual merit into account—can succeed in changing the composition of organizational workforces at all levels. Recruiting at schools whose student bodies primarily consist of members of traditionally underrepresented groups and sharing employment opportunities with their respective alumni associations may provide access to more diverse pools of qualified applicants. Job fairs aimed at women and minorities or events hosted by women- or minority-focused professional organizations may also help to diversify talent pipelines.

Targeted development programs within organizations, such as those that deliver mentoring and coaching for underrepresented groups, may provide members of such groups with career resources for navigating the managerial ranks. However, the ability of these programs to create equal access to promotion opportunities also depends on an organization having

transparency in career paths and promotion practices. That is, for women and minorities to exploit targeted career development resources, they need to know about the job opportunities that exist within the organization and the eligibility requirements. Therefore, organizations may amplify the workforce impact and subsequent return on their investment in targeted HR practices by coupling the targeted practices with efforts to introduce greater transparency into their staffing, performance management, and career development processes.

Oversight structures in which specific people hold explicit responsibility for creating, monitoring, and managing an organization's diversity program have also been found to be important drivers of program effectiveness. Without such oversight, the success of setting targets is less assured—sometimes it will increase the representation of women and minorities in management, but other times it will increase bias within the organization and be ineffective. However, when managerial-level diversity goals are set in the context of an overall organizational focus on diversity, there is little evidence of increased bias and ineffectiveness. Oversight may be performed by an individual, such as an HR compliance or chief diversity officer, or by committee, such as a diversity advisory board or task force. Research implies that regardless of form, the person or group with the oversight role should have the capacity to effect change in a manner that is consistent with federal regulations for contractors, which call for “the authority, resources, support of and access to top management to ensure the effective implementation of the affirmative action program.”<sup>7</sup> Coupling formalized HR practices with accountability for monitoring and modifying decisions improves workforce diversity.

The responsibility for creating equal opportunity workplaces should not rest solely on those in oversight roles but should also involve managers who translate plans and policies into action. Contrary to the guidance provided by many best practice documents, however, hinging a manager's performance evaluation and compensation on meeting diversity goals is not a consistently effective approach. Instead,

engaging managers in setting up and carrying out certain initiatives may do more to further an organization's diversity efforts. For example, involving managers in running targeted recruiting or career development efforts that have been shown to increase diversity may spread responsibility for change throughout the organization. Similarly, providing managers with training to strengthen their commitment to diversity values may facilitate the development of identity-conscious structures that reduce workplace discrimination. Managerial training on HR processes and how to use evidence of merit and demographic information in decisionmaking may also help to reduce the bias inherent in formalized structures and boost employment equity. Overall, although targeted career development or diversity training alone may not be effective for increasing workforce diversity, bundling such practices, engaging managers in the process, and providing oversight by an appropriate administrative body should augment and amplify the impact of these individual policies on workplace discrimination.

## Conclusion

Are practices for addressing workplace inequality effective? The literature reviewed here suggests that they are, if they are applied within particular structures and with specific design features. Still, the findings also raise several unanswered questions: Are there practices that are effective for improving employment opportunities across all demographic groups or contexts? Which implementation or environmental factors influence the effectiveness of diversity practices? What infrastructures or resources are needed to drive employment equity? Are evidence-based practices for addressing discrimination also effective at creating inclusive environments? Organizations can work with researchers to collect field data to answer these and other questions.

Meanwhile, policymakers who determine internal corporate policies and those who develop and monitor regulatory processes for addressing employment discrimination have important roles to play. Executives and board members could create more buy-in for anti-discrimination efforts by funding and overtly

communicating their support for them, as well as by integrating diversity metrics into company strategies for recruiting and developing talent. Government policymakers and regulators, for their part, could conduct assessments of how well various practices work and integrate such assessments into their regulatory processes, especially for organizations doing business with governments or using federal funding. Agencies and regulators should continue to develop evidence-based best practice indices that establish operating standards and offer tools for building environments characterized by diversity and equal opportunity.

Self-contained efforts initiated by one organization or regulatory body will not be sufficient to create cultures of equality throughout U.S. workplaces. But if policymakers, regulators, and researchers work together to develop effective diversity strategies and address workplace inequality, they can make significant advancements toward the original intent of civil rights legislation and “provide the kind of equality of treatment which we would want ourselves.”<sup>24</sup>

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# The need for intersectional practices in addressing workplace diversity

Courtney L. McCluney

In “Designing More Effective Practices for Reducing Workplace Inequality,” Quinetta Roberson, Eden King, and Mikki Hebl suggest robust strategies for addressing inequality.<sup>1</sup> They also list unanswered questions, such as whether any practices improve employment opportunities across all demographic groups or contexts. I see one potential answer: that organizational leaders and researchers look to intersectionality as a framework for addressing inequalities that occur inside and outside of organizations.<sup>2,3</sup>

An intersectionality framework considers the effects of belonging to multiple social groups simultaneously—for instance, the ways that being both Black and a woman can undercut opportunities beyond the independent ways that being Black or being a woman can. The failure to recognize how diversity policies affect people who belong to multiple disadvantaged groups will perpetuate inequalities rather than eliminate them.

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Kimberlé Crenshaw coined the term *intersectionality* after analyzing several lawsuits involving a combination of race and sex discrimination claims, including a 1976 case in which a workplace policy resulted in disproportionate layoffs of Black women.<sup>4</sup> In *DeGraffenreid v. General Motors*, five Black women sued General Motors, arguing that its layoff policy, which eliminated jobs on the basis of seniority, targeted Black women exclusively. GM hired Black women in large numbers only after 1964, possibly because of the passage that year of the Civil Rights Act, with its Title VII employment regulations. Thus, Black women had the least seniority at GM and were disproportionately affected by seniority-based layoffs during an early 1970s recession. As is common for cases based on race and sex discrimination,<sup>5</sup> the court ruled against the plaintiffs because the layoff decision did not systematically terminate either women or Black people overall. The judge refused to examine the action for discrimination based on a combination of race and sex because Title VII, in his view, did not create a classification of Black women as a protected class separate from White women and Black men.

Such decisions overlook the unique forms of discrimination and invisibility that women of color have faced in the past and continue to confront in workplaces today.<sup>6–10</sup> Crenshaw's formulation of intersectionality created a prism through which decisionmakers within the legal system and organizations can understand the conceptual limitations of looking only at single-identity groups.<sup>4</sup> The concept of intersectionality can help people see how members of multiple oppressed groups, such as Black women, too often find themselves in more precarious economic and social positions than other people in their broader identity groups.<sup>11</sup>

As microcosms of society, organizations are ideal places to experiment with intersectionality-informed policies meant to address inequalities. For example, a law firm described in a 2001 article by Robin J. Ely and David A. Thomas implemented targeted human resource practices, such as hiring Latina attorneys, to diversify its all-White female staff as part of an effort to better fulfill its mission of advancing

the well-being of low-income women of all backgrounds, including those who identified as women of color.<sup>12</sup> These actions, in turn, helped to reshape the organization's priorities and interests. Whereas the firm had originally focused on cases of sexual discrimination, it expanded its repertoire to address other issues of oppression affecting many low-income women, such as the need for a living wage and support with immigration issues. Employees reported that they valued exploring different points of view, learning about one another's life experiences, and building on that knowledge to better meet the needs of the people they were serving.<sup>12</sup>

A closer look at workplace diversity practices through an intersectionality lens can enhance an organization's ability to mitigate inequality. Workplace managers and leaders can take several actions to ensure that their organization's diversity policies are intersectional.

First, organizational leadership can evaluate how their workplace diversity policies may affect individuals who belong to multiple disadvantaged groups. I applaud Roberson and her coauthors' review for identifying the different ways that policies can affect specific social identity groups.<sup>1</sup> Frank Dobbin and Alexandra Kalev have also detailed such variances in the effects of diversity policies on specific groups.<sup>13</sup> The advice applies to lawmakers, as well. If they fail to evaluate intersectionality, laws intended to reduce the gender wage gap, for instance, could underestimate the adjustments needed to bring parity to Black, Latina, and indigenous women, because the laws would not take into account the added income-dampening effects of being both a woman and a racial minority.<sup>14</sup> Lumping together all women or all minorities can mask important differences in employee experiences,<sup>15</sup> whereas disaggregating data to examine subgroups of employees (for example, women of color) along multiple dimensions of difference simultaneously can provide the metrics needed to monitor and address multiple forms of inequality.

Second, organizational leaders should broaden the focus of diversity efforts to account for individuals' holistic identities. Companies have

difficulty addressing multiple forms of inequality at the same time, which can lead to fragmented diversity policies that do not change the status quo. Initiatives that narrowly focus on either gender or race may increase minority representation but fail to address societal hierarchies built into organizations that are led mostly by White males.<sup>16</sup> Actions to address these societal hierarchies include reducing the biases that stand in the way of diverse leadership (such as the conscious or unconscious belief that only White men can be leaders),<sup>17</sup> diversifying networks to deepen connections between dominant and marginalized groups,<sup>18</sup> and ensuring that members of multiple marginalized groups have inclusive and equitable access to powerful positions.<sup>19</sup> Employees may learn how to address these multiple hierarchies through training sessions.

Third, organizational leaders who are aware of the multiplicity of issues that workers from marginalized social identity groups face may use that knowledge to shape inequality-reducing actions that go beyond diversity training. Some of these issues are seemingly external to organizations, but recent social movements (notably #MeToo and Black Lives Matter) clearly

demonstrate the integral role that organizations play in creating inequalities and can also play in disrupting them.<sup>20,21</sup> As an example, after the unjust arrest in 2018 of two Black men in a Philadelphia Starbucks, the coffee chain spearheaded a companywide initiative to address biases and turn its shops into inclusive spaces for all customers.<sup>22</sup> To do so, they equipped their employees with tools to disrupt discriminatory behavior, which can enhance the experiences not only of customers but also of employees from multiple marginalized groups.

As the writer and civil rights activist Audre Lorde said, “there is no such thing as a single-issue struggle because we do not live single-issue lives.” Organizational leaders must adopt a similar view if they desire to create inclusive, diverse, and equitable workplaces. Organizations that are serious about reducing inequality ignore intersectionality at their peril.

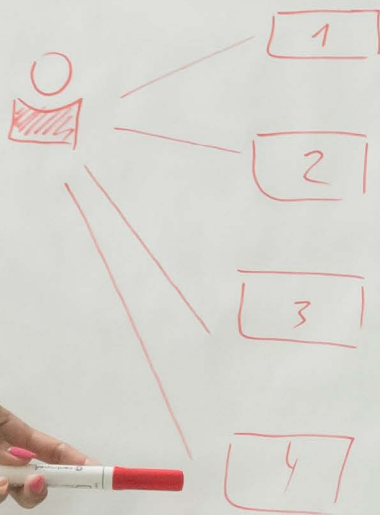
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# Developing & delivering effective anti-bias training: Challenges & recommendations

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## abstract

Organizations invest nearly \$8 billion annually in diversity training, but questions have arisen about whether training actually reduces biased attitudes, changes behavior, and increases diversity. In this article, we review the relevant evidence, noting that training should be explicitly aimed at increasing awareness of and concern about bias while at the same time providing strategies that attendees can use to change their behavior. After outlining five challenges to developing and delivering training that meets these goals, we provide evidence-based recommendations that organizations and facilitators can use as a blueprint for creating anti-bias training programs that work. One recommendation is to couple investment in anti-bias training with other diversity and inclusion initiatives to help ensure that the billions spent each year yield meaningful change.

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What do Starbucks, Delta Airlines, and the Napa Valley Wine Train have in common? Over the past five years, in response to public outcries over racist incidents between employees and customers, all three have invested considerable time and money in diversity training programs.<sup>1-3</sup> They are not alone: it has been estimated that organizations invest nearly \$8 billion each year in such training.<sup>4</sup>

## Core Findings

### What is the issue?

Organizational diversity initiatives tend to include explicit anti-bias training in the hope of alleviating harmful biases among employees in the workforce. But is this money well spent? Recent research highlights the need to redevelop anti-bias initiatives to do more than simply create awareness of biases or prompt defensive reactions. Instead, anti-bias training should increase awareness of bias and its lasting impact, plant seeds that inspire sustained learning, and teach skills that enable attendees to manage their biases and change their behavior.

### How can you act?

Selected recommendations include:

- 1) Including training as part of a broader diversity and inclusion strategy
- 2) Prioritizing the learning needs of the primary audience over positive reviews

### Who should take the lead?

Researchers and organizational leaders

The training can take different forms, but all programs implicitly or explicitly aim to reduce people's biased attitudes and behaviors during everyday activities in organizations, such as when interacting with customers or colleagues or making hiring and promotion decisions. In this article, the term *bias* refers to differences in how people are viewed and treated as a result not of their individual characteristics but of group features, such as gender, skin color, or ethnicity. Bias can be positive for some people (conferring preference or granting privilege) or negative (being discriminatory or otherwise causing disadvantage) and can influence interactions between individuals or be expressed through policies and practices that affect one group differently from another.<sup>5</sup>

Organizations have varied reasons for pouring money into diversity training. After all, the well-documented consequences of bias in companies are far-reaching. Bias can harm the mental and physical health of employees who experience it,<sup>6-8</sup> interfere with their performance and engagement,<sup>9,10</sup> and undermine their professional development and promotion.<sup>11,12</sup> Bias also undercuts efforts to increase inclusion and diversity in who gets hired and fills management positions. Conversely, employees view companies that explicitly commit to recognizing and celebrating diversity as more trustworthy.<sup>13</sup> Further, what is often called the "business case" for diversity holds that reducing bias and increasing diversity has the potential to increase profitability for companies, improve their reputation, and limit internal and external liability.<sup>14,15</sup>

The problem is that research on how well diversity training succeeds in reducing bias and

increasing diversity has produced mixed results, leading many investigators to conclude that it does not work.<sup>16,17</sup> It seems likely, however, that the inconsistent results stem from differences in how the training is carried out. Some programs, for instance, focus mainly on making people aware of their own biases or on providing attendees with a laundry list of things they should not do (often with little explanation as to why their behavior should change). Others design situations so that attendees can experience firsthand what it is like to be a target of bias. Some training sessions are led by experts in the subjects of diversity and inclusion, whereas others are led by facilitators with little expertise or experience in the domain. Finally, whereas some training programs are bolstered by resounding institutional support, others are perceived as a specialized interest of a small corner of the organization, garnering less support from leadership and participation by employees as a result. These differences could affect outcomes and result in mixed findings as to the conditions that make training succeed or fail. Indeed, only some of the above strategies have been empirically shown to reduce bias.

Thus, we argue that diversity training should go beyond telling people that bias exists or creating uncomfortable experiences that are more likely to prompt defensiveness than learning. Rather, the most effective training is anti-bias training that is designed to increase awareness of bias and its lasting impact, plant seeds that inspire sustained learning, and teach skills that enable attendees to manage their biases and change their behavior. Although a dearth of consistent evidence of success has led many to conclude that training does not work,<sup>16,17</sup> empirical research exists that can provide a blueprint for how to build a training program that does.

In this article, we explain the logic behind our argument, present five challenges to developing and delivering effective anti-bias training, and offer evidence-based recommendations for how to overcome those challenges (see Table 1 for a summary). We acknowledge, however, that it is not easy to develop a single training program that will reduce the bias that affects all of the myriad groups in an organization.

**Table 1. Summary of challenges, recommendations, & implementation agents**

| Challenge                                                     | Recommendation                                                                                                                                             | Implementation Agent                                                                        |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Being realistic about what training can accomplish on its own | Develop a comprehensive diversity and inclusion strategy with training as one component. Determine which goals require alternative strategies.             | Organizational executives responsible for strategic planning initiatives                    |
| Selecting the proper goals for the programs                   | Tailor training to match the desired outcomes for individuals, groups, and the organization. Focus on increasing awareness of bias and changing behavior.  | Organizational executives who choose the goal; facilitator who tailors training accordingly |
| Deciding how to manage attendee discomfort                    | Do not let discomfort dissuade the organization from pursuing training; discomfort is an important part of learning how to communicate across differences. | Training facilitator                                                                        |
| Minimizing counterproductive effects of discussing bias       | Teach attendees concrete strategies for managing their bias, but do not overdo it: emphasize just two or three.                                            | Training facilitator                                                                        |
| Demonstrating impact                                          | Develop and execute a plan for evaluating the efficacy of training.                                                                                        | Organizational executives and training facilitator                                          |

Because bias and stereotypes can take many forms,<sup>18</sup> a training program that helps to reduce bias against one group may not necessarily be effective to the same degree for another. For instance, whereas diversity efforts that highlight group differences improve conditions for groups present in moderate numbers, such as White women, efforts that emphasize equal treatment and minimize the salience of group differences improve conditions for groups with low representation, such as Black people.<sup>19</sup> We also note the need for more research to understand whether a training program built using our recommendations would reduce bias against understudied groups, such as people who are disabled or obese.

### **Challenge 1: Being Realistic About What Training Can Accomplish on Its Own**

Because of budgetary and time considerations, diversity training is often offered as a one-time opportunity. Yet a company that relies solely on a single training session to combat bias is doomed to fail. One major reason is that bias is multifaceted, born of a combination of an individual's exposure to stereotypes about and direct or indirect experiences with people from different groups. This complexity makes bias difficult to eradicate. Indeed, an investigation

of 17 different bias-reduction interventions found that only eight reduced participants' implicit preference for White people over Black people.<sup>20</sup> Further, the effects of even the most effective interventions (such as exposing participants to people from another group who behave counter to stereotypes and providing people with strategies they can use to mitigate bias) had worn off just 24 hours later.<sup>21</sup> This analysis and other research suggest that without consistent reinforcement, trainees' biases will rebound after people return to the environments that reinforce those biases.<sup>22</sup>

For example, after attending an anti-bias training session, a hiring manager may be excited about implementing new bias-management strategies. Yet this manager must balance the goal of recruiting and offering jobs to a diverse group of candidates with the competing need to fill open positions swiftly. If the company has not invested in targeted recruiting of candidates from historically underrepresented groups or has not reduced the urgency of filling a particular position, the newfound knowledge and motivation to counteract bias will not be enough to combat the pressing need to fill the position and stiffen the manager's resolve to hold out for a qualified person who also adds to the company's diversity.<sup>23</sup> Indeed, research suggests that accountability structures produce better results

# “organizations cannot rely on employees’ goodwill alone to change the culture”

than anti-bias training by itself.<sup>24</sup> (Accountability structures consist of programs, staff positions, or groups that have explicit responsibility for meeting such goals as increasing the representation of minorities.) In other words, although anti-bias training can be a great way to raise awareness of bias and provide people with strategies to fight it, training alone cannot guarantee change once attendees leave a session.

## **Recommendation: Include Training as Part of a Broader Diversity & Inclusion Strategy**

Organizations must ensure that training is accompanied by investments in structural changes—alterations in organizational policies and ways of operating—that will help sustain learning and facilitate behavioral change.<sup>25,26</sup> Why are structural changes imperative even within an organization that is full of employees personally motivated to be egalitarian? One reason is that prejudice is facilitated by the daily consumption of information that confirms and reifies stereotypes.<sup>27,28</sup> Another is that, as is illustrated by the hiring manager example above, many factors compete with an individual’s motivation to prioritize diversity, manage bias, and promote inclusion. Combating prejudice requires similarly multifaceted efforts: organizations cannot rely on employees’ goodwill alone to change the culture.<sup>29,30</sup>

A meta-analysis of 260 studies of anti-bias training highlights the importance of going beyond having a training program on its own. It found that training was more effective when it was integrated into a broader strategy ( $g = 0.57$ ; see note A for more information on the statistics) than when it was provided as a stand-alone program ( $g = 0.36$ ).<sup>31</sup> An integrated strategy might introduce anti-bias training along with systems that hold individuals responsible for reducing bias, improve processes for responding to bias incidents, and provide networking opportunities for employees from underrepresented groups. Training is more effective in this broader context in part because the integrated strategy addresses the variety of ways that bias

can undermine an organization’s diversity and inclusion efforts. Moreover, organizations that use a comprehensive strategy communicate the message that bias is malleable and can be changed over time, which can encourage individuals to adopt bias-management strategies.<sup>32,33</sup>

Organizations with the goal of integrating training into their overall diversity and inclusion strategy could first collect data to understand the representation and dispersion of people from different groups throughout the organization, employees’ perceptions of inclusion, and where diversity-related failures in processes might be occurring (such as during the hiring process or during performance reviews). The data would help to identify which training topics would have the greatest impact on the organization’s employees. The organization could then create a plan in which training for employees and leaders is one component, alongside the establishment of a committee responsible for overseeing and reporting on progress. After training, organizations could provide suggestions for additional reading to attendees to further their learning and establish behavioral nudges before key decisions to remind attendees of the strategies to which they committed.<sup>34</sup> Such nudges could include reminding managers to avoid giving personality feedback before performance reviews are written or asking recruiters to reflect on key job requirements before they discuss their assessments of job candidates. In these ways, organizations can ensure the training lessons extend beyond the session itself and influence employees’ everyday behavior.

## **Challenge 2: Selecting the Proper Goals for the Programs**

Researchers—such as Frank Dobbin and his colleagues—have analyzed a combination of laboratory experiments and organizational data and concluded that diversity training is ineffective.<sup>35</sup> For example, Dobbin and his coauthors

examined how six different diversity-related initiatives (training, audits, networking programs, mentoring programs, a task force, and a designated diversity officer) affected manager-level diversity in more than 800 companies. Mentoring programs and initiatives that provided organizational oversight for diversity through an individual or a task force increased management diversity by nearly 40%. In contrast, the impact of training was generally negligible and for some groups was counterproductive, contributing to a 5% decrease in representation for Black women and a 5%–10% increase for Black men and Hispanic women. The authors concluded that training is not effective for increasing manager diversity. However, an alternative conclusion is not necessarily that anti-bias training is ineffective but rather that it is not a panacea.

Many factors influence employee diversity, promotion rates, and other outcomes. Consider the goal of increasing manager-level diversity. If White employees have more opportunities to lead high-visibility projects and have greater access to key decisionmakers than employees of color do, this imbalance will necessarily affect the pipeline of qualified employees who can become managers.<sup>36</sup> Training cannot fix these disparities. Similarly, anti-bias training cannot promise comprehensive change that will eliminate all bias that occurs during performance reviews<sup>37</sup> or all overt or subtle biases in other interactions.<sup>38–40</sup> Instead, it is best positioned to achieve more modest and immediate outcomes, such as educating people about how biases can manifest or motivating people to change their behavior.

### **Recommendation: Focus Training on Both Increasing Awareness of Bias & Providing Strategies for Changing Behavior**

Some researchers suggest that the closest analog of training is teaching and that organizations considering diversity training should first identify the learning outcomes of interest.<sup>41</sup> In the meta-analysis mentioned above, Katerina Bezrukova and colleagues identified four potential kinds of outcomes from diversity training: attendee reactions (self-reported feelings toward the facilitator or training), cognitive learning (knowledge gained about the topic,

such as where bias comes from and how it contributes to inequity in society), behavioral learning (skill development, as judged by self-reports, observations of managers or trainers, or responses to hypothetical scenarios), and attitudinal/affective learning (self-reported attitudes toward stigmatized group members and beliefs in one's own ability to become less biased).<sup>31</sup> Overall, training had the largest immediate impact on generating positive attendee reactions toward the facilitator and the training itself ( $g = 0.61$ ). It also increased, to varying degrees, awareness of bias (cognitive learning;  $g = 0.57$ ), skill at behaving in less-biased ways (behavioral learning;  $g = 0.48$ ), and positive feelings toward groups that were experiencing discrimination (attitudinal/affective learning;  $g = 0.30$ ). Over time, however, the effects decayed for all outcomes except awareness of bias (cognitive learning). Thus, one outcome that anti-bias training can reliably affect in the long term is what attendees learn and retain about bias.

If awareness of bias is the main outcome that persists, should organizations even bother trying to change behavior as well? Based on the data, the short answer is yes. In a separate analysis, Bezrukova and her colleagues asked what works better for changing attitudes and behavior: diversity training that aims to increase attendees' awareness of their biases and cultural assumptions (awareness-based training), programs that help attendees learn to monitor and change their behavior (behavior-based training), or a combination of the two?<sup>31</sup> They found that focusing on awareness is useful but should not be the only focus of training. Awareness-based training produced the smallest changes in attitudes and behavior overall ( $gs = 0.22$  and  $0.35$ , respectively), whereas behavior-based training was significantly more effective at changing both attitudes ( $g = 0.41$ ) and behavior ( $g = 0.53$ ). The training programs that incorporated both awareness-based and behavior-based elements were about as effective as behavior-based training at changing attitudes ( $g = 0.40$ ) and behavior ( $g = 0.54$ ). In summary, anti-bias training is least effective when it focuses only on raising awareness of bias: the best strategy is either to focus on teaching attendees strategies for changing biased behavior or to do that

and also incorporate elements that will raise people's awareness of their bias and the effects it can have.<sup>42</sup> We favor the combined approach because it can help people to understand why they should want to change their behavior.

### Challenge 3: Deciding How to Manage Attendee Discomfort

A critical component of anti-bias training is discussing disparities between groups. These conversations can be uncomfortable. For example, people from racial minority and majority groups both find discussions about race to be challenging and thus may avoid intergroup conversations about race to prevent the accompanying anxiety and discomfort.<sup>43–46</sup> Although avoidance certainly eases strain between people in the short term, avoidance is not always possible during anti-bias training and, more generally, when working in a diverse organization. During training, some attendees may become defensive and belittle the training content or even try to undermine the facilitator in an effort to deflect negative emotions.<sup>47,48</sup> Facilitators must be prepared to contend with the various reactions that emerge during training.

Facilitators must also navigate the tricky dynamics related to differences in how people from various groups perceive the prevalence of bias and in their willingness to engage in the training activities. White participants, for instance, may believe that racism is less prevalent in modern society than Black participants do.<sup>49,50</sup> Also, recognizing one's own bias is distressing, particularly for majority-group members who do not want to appear prejudiced.<sup>51,52</sup> Some attendees may be reluctant to acknowledge and accept that they have biases that affect their behavior, or they may be actively hostile to the very notion of anti-bias training.<sup>53,54</sup> Other attendees may generally agree that there is a need to improve organizational inclusion and reduce bias.

These divergent perceptions and attitudes can, in turn, produce different expectations for what anti-bias training should cover. Some attendees may prefer to have an introductory conversation

to provide them with foundational knowledge about the prevalence of bias before diving into strategies for mitigating it. Other attendees may be eager for more complex discussions, looking to anti-bias training as an opportunity to validate their experiences with bias and to discuss meaningful changes their organization can enact. These dynamics make it challenging to design a training program that all attendees will react to positively. It is reasonable and understandable that organizational leaders want employees to have good reactions to training programs, but this goal should not be pursued at the expense of other learning outcomes.

#### Recommendation: Prioritize the Learning Needs of the Primary Audience, Not Positive Reviews

As part of establishing the desired learning outcomes for anti-bias training, organizations must identify the primary audience for any particular anti-bias training session. Potential targets of bias will undoubtedly be in the audience of any training session, and their needs may be very different from those of attendees who are potential perpetrators of bias. For example, people of color learn about racism and talk about racism at a younger age than White individuals do.<sup>55,56</sup> Thus, a discussion of the existence of bias and the importance of managing it may fall flat for people of color, who instead may gain more from learning about how to cope with the bias they face or from discussing organizational procedures for reporting discrimination. Although one training session cannot address all these topics effectively, a scaffolded approach to learning—through a series of workshops, comprehensive diversity and inclusion efforts (as described in Challenge 1), or both—can ensure that everyone within an organization gets the education and support they need.

After the identity of the primary audience has been established, the next question to consider is the potential reactions that attendees will have to training. Some facilitators will prioritize designing training programs that attendees will evaluate positively over training programs that achieve learning outcomes. Several studies' findings suggest, however, that this impulse is misguided. Certainly, the perception of too



\$8 billion is spent on diversity training annually



50% of US organizations are expected to offer implicit bias training in the future

“a moderate amount of discomfort is a critical catalyst for the introspection that can guide a person toward more egalitarian behavior in the future”

much threat can activate defensiveness that stifles learning and growth.<sup>57</sup> Yet research has shown that a moderate amount of discomfort is a critical catalyst for the introspection that can guide a person toward more egalitarian behavior in the future.<sup>58</sup> This research aligns with other evidence that showing people how bias has influenced their decisions can reduce subsequent discrimination<sup>59</sup> and increase sensitivity to subtle forms of discrimination.<sup>60</sup> When facilitators and organizations make winning audience approval a key outcome, they risk neglecting content that may produce long-lasting learning (that is, ongoing sensitivity to the occurrence of bias) and behavioral change.

Another reason to prioritize attendees' learning needs over their immediate reactions is that attendees' positive or negative perceptions of training do not necessarily relate to whether they learn the concepts presented during the experience.<sup>61</sup> For instance, attendees react more positively to training that includes a variety of components (such as interactive discussion, video, and lecture-based content;  $g = 0.73$ ) than to training that relies on one component ( $g = 0.59$ ).<sup>31</sup> Despite this preference, training programs with many components, as compared with those with one component, do not produce statistically significant differences in behavioral learning (many:  $g = 0.51$ ; one:  $g = 0.39$ ), cognitive learning (many:  $g = 0.54$ ; one:  $g = 0.67$ ), or attitudinal/affective learning (many:  $g = 0.30$ ; one:  $g = 0.27$ ). Thus, although audiences may prefer training programs with multiple components to training programs with one component, the multifaceted approach does not yield meaningful change on any learning outcomes.

Finally, organizations often make training voluntary rather than mandatory to generate positive audience reaction. In some ways, this strategy is effective: overall, people respond more favorably to voluntary versus mandatory training

( $gs = 0.71$  and  $0.37$ , respectively). However, this approach undermines other outcomes that may be important for long-term change, such as behavioral learning.<sup>31</sup> Specifically, when training is voluntary, behavioral learning is significantly lower compared with when training is mandatory ( $gs = 0.42$  and  $0.63$ , respectively), perhaps because those who could benefit most from the training avoid attendance.<sup>62,63</sup> Moreover, making training mandatory is a simple way to demonstrate that anti-bias training and, more broadly, diversity and inclusion efforts are important to the organization.

#### **Challenge 4: Minimizing Counterproductive Effects of Discussing Bias**

A major goal of anti-bias training is to increase awareness of the ways that bias manifests in society, organizations, and individuals. However, several scholars have identified unexpected, often ironic effects that sometimes result from attempts to teach about and address bias. For example, people more readily dismiss claims of workplace discrimination in organizations that explicitly value diversity compared with claims in organizations that do not.<sup>64</sup> Communicating that the solution to bias is simple and can be addressed by just offering a training course can decrease empathy for victims of bias.<sup>65</sup> Additionally, referring to bias as ubiquitous may, ironically, produce the perception that bias is acceptable (for instance, “It must be OK if everyone has it”)<sup>66</sup> or that bias-reduction efforts are futile (for instance, “You can’t succeed because bias is too widespread to root out”).

Beyond these challenges, the findings of recent research complicate notions of how to talk about implicit bias (sometimes called *unconscious bias*) in particular. An estimated 20% of U.S. organizations offer training meant to combat implicit bias, and the number is expected to increase to 50% in the near future.<sup>4</sup>



Although this training can be effective,<sup>67</sup> the way that implicit bias is framed can significantly affect people's motivation to challenge the discrimination that results from it. In a series of studies, participants read a definition that framed racial bias as "implicit and unconscious" or "explicit and conscious" before reading about a discriminatory incident. Those who read about implicit racial bias perceived less intent in the incident, and they therefore perceived the incident as less harmful and the perpetrator as less worthy of blame and punishment.<sup>68,69</sup> Because the very framing of anti-bias training content can undermine the critical understanding of bias necessary for motivating behavioral change, facilitators must pay close attention to their framing.

### **Recommendation: Help Attendees Create a Plan for Behavioral Change**

When building anti-bias training with the goal of circumventing the ironic consequences of talking about bias, facilitators would do well to consider classic social psychological research on persuasion. Persuasion is often most successful when people are presented with a moderately disturbing outcome and strategies they can use to avoid that outcome.<sup>70</sup> Indeed, anti-bias training is a persuasive endeavor, designed to present attendees with information that will motivate them to change their attitudes and behavior. Facilitators must go beyond relaying information about what bias is and propose concrete bias-management strategies so that attendees believe they have the ability to enact the new behaviors.<sup>71–73</sup>

Although myriad strategies exist for managing and reducing bias, facilitators should be careful not to overwhelm attendees with too many of them. General research on interventions has compared the effect of different numbers of recommendations on behavioral change.<sup>74</sup> An interesting finding was that interventions that provided one recommendation had a low impact on behavior ( $d = 0.12$ ), but so did interventions that provided four or more recommendations ( $d = 0.14$ ). (See note A for a discussion of  $d$  statistics.) Giving just one recommendation suggested the problem was not important, but four or more overwhelmed participants. Instead,

two to three recommendations emerged as the ideal number for prompting change ( $d = 0.27$ ), particularly for participants who were less motivated to alter their ways. Throughout a training program, facilitators may suggest a broad range of strategies to manage and reduce bias; however, by the end, facilitators who want to ensure that their attendees change their behaviors should encourage them to focus on two or three behaviors.

## **Challenge 5: Demonstrating Impact**

Clearly, it is critical that facilitators put substantive thought into the framing and content of anti-bias training. However, this effort is for naught if the impact of training is not evaluated. Yet barriers can interfere with such evaluation. For instance, although collecting data on the efficacy of training is a crucial step in assessment, accessing organizational data, which could show the impact that training has on key outcomes, can be challenging. In addition, if participation in postworkshop surveys is low, the paucity of data can undermine the ability to draw statistically informative conclusions, and a focus on unrealistic outcomes (as discussed in Challenge 2) can give the misleading impression that nothing was achieved.

Unfortunately, a lack of data showing that anti-bias training is effective can lead people to perceive anti-bias training as ineffective. Perhaps worse, without data demonstrating a return on an organization's investment in anti-bias training, organizational leaders will be skeptical when they receive future requests to fund diversity and inclusion initiatives. Without data to point to, facilitators—and the organizational representatives who hire them—will be ill-equipped to make a strong case for why the training is necessary and worthwhile.

### **Recommendation: Measure Efficacy**

Any plan for delivering training should, from the outset, also include a plan for assessing how well the program's goals are met.<sup>75</sup> The program goals, of course, should be established at the beginning of the collaboration between the organization and the facilitator to

ensure that the objectives of both align and that the content included in the training serves the selected goals. When deciding on the outcomes of interest, organizations can also consider what their comprehensive diversity and inclusion strategy should be (as discussed in Challenge 1).

Case studies from a variety of industries provide insight into what anti-bias training can potentially accomplish,<sup>67,76</sup> and empirical evaluations conducted once training was complete have bolstered these findings. For example, The Ohio State University College of Medicine identified a goal of increasing the diversity of its incoming class of medical students. The college developed a plan to have admissions committee members complete anti-bias training; the plan included provisions for data collection at the end so that the effectiveness of the training could be evaluated. Per the plan, the college's admissions committee members took an Implicit Association Test and attended a training session about how implicit bias affects decisionmaking.<sup>77</sup> During the next admission cycle, the college saw a 26% increase in the number of underrepresented minority students who matriculated to the institution, compared with the admissions cycle from the previous year. This difference was not statistically significant; nonetheless, qualitative responses from an evaluation completed by committee members gave some insight into the way the training affected them. Specifically, they described being more cognizant of how bias influenced their reactions to candidates during the interview process. By identifying the pretraining goal of increasing the diversity of the incoming class of medical students, the college was able to develop a training approach that positively shaped the behavior of the admissions committee and that also included a plan to collect the data needed to assess outcomes in the months that followed.

## Discussion

Social scientists have amassed extensive knowledge about the features that are important for effective anti-bias training. However, the proliferation of training and the lack of standardization in its delivery undermine the ability to measure the efficacy of training across organizations and

# "The field of anti-bias training presents a ripe opportunity for collaboration between researchers and practitioners"

over time. Facilitators and organizations who want to improve outcomes should follow the evidence-based recommendations presented in this article for raising awareness of bias and sparking a desire to behave in ways that manage it. Nevertheless, anti-bias training cannot and should not be viewed as a singular opportunity to educate and change people. Rather, it must be integrated into efforts to meet a broader commitment to improving diversity and inclusion. Finally, every organization implementing these recommendations should measure the impact of what it has tried and adjust accordingly, taking into account the specific context, audience, and desired outcomes.

## A Call to Continued Action for Researchers

The future success of anti-bias training turns on whether researchers use their skills and experience in program development and evaluation to build strong training programs. This call for researchers to engage in translational research is not new: over a decade ago, Elizabeth Paluck cautioned that "by and large, scholars and practitioners have passed up the opportunity for a collaborative project that could harness this widespread intervention to improve the theory and practice of prejudice reduction and social inclusion."<sup>78</sup> The field of anti-bias training presents a ripe opportunity for collaboration between researchers and practitioners. We echo Paluck's recommendations for how to achieve this collaboration, which should begin by (a) establishing that anti-bias training can cause attitude and behavioral changes, (b) measuring efficacy in ways that go beyond self-report, and (c) conducting research in a variety of populations and settings to gain a deeper understanding of how to make training most effective. Moreover, researchers must continue to explore the various determinants of bias<sup>18,79</sup>

and use these insights to identify bias-reduction tactics that are specific to certain groups<sup>80</sup> as well as tactics that have a broader reach.<sup>81</sup>

### A Call to Action for Organizations Seeking Anti-Bias Training

People who want to bring anti-bias training to their organization may be overwhelmed by the task of establishing criteria that will identify, from the wealth of facilitators available, the one(s) best suited for their particular group and situation. With that in mind, we recommend that they consider the following factors, regardless of whether they plan to hire an outside facilitator or use internal resources.

The first factor is *organizational readiness*. It is not worth pursuing anti-bias training if the organization lacks a true commitment to increasing diversity and fostering inclusion. Does your organization have a diversity and inclusion strategy, of which training is one component? Conversely, are there people in the organization who will undermine the efficacy of training, such as resistant leaders or employees who are openly antagonistic to diversity and inclusion efforts? If resistance is an issue, company resources may be better spent by first investing in structural changes to policy and practices that can lower the resistance.

Leaders should also carefully consider *facilitator experience*, including subject matter expertise and experience managing the myriad audience reactions to training (described in Challenge 3). Finally, any person who advocates for anti-bias training within an organization must have *a plan for measuring the impact*. Identifying the desired key outcomes for learning and subsequent change will likewise be important when partnering with the facilitator to build the training.

### A Call to Action for Anti-Bias-Training Facilitators

Bias can seem abstract, and anti-bias-training facilitators have the potential to make the importance of managing and reducing bias real for attendees. Facilitators have an opportunity to emphasize how biases in our society are

rooted in a long-standing hierarchy and maintained by present-day beliefs and practices.<sup>82,83</sup> These opportunities to reflect on and discuss bias can influence whether and how members of majority groups notice and make meaning of the experiences of members of stigmatized groups.<sup>49,84–87</sup> Anti-bias-training facilitators therefore carry a great responsibility, and those interested in entering this field should take this role seriously.

Merely having a passion for diversity and inclusion does not make a person an effective facilitator. Navigating the challenges described in this article, especially those related to the unpredictable and sometimes ironic consequences of discussing bias, requires a deep understanding of the research on bias, diversity, and inclusion as well as experience facilitating training with a variety of audiences. In an early version of this article, a reviewer commented that the challenges and recommendations for facilitators had a Goldilocks feel to them: Do not do too much, do not do too little; present enough information to motivate people but not so much that you overwhelm them. Walking that line is very difficult. And yet it is acceptable, even appropriate, that there be a high bar of entry for facilitating these training programs. No one expects people to practice medicine or law after reading a few articles. Similarly, it does and should require significant time and energy to learn to become an effective anti-bias-training facilitator.

## Conclusion

The recommendations in this article should guide the next decade—and beyond—of anti-bias training. As systemic inequities and biases become more entrenched, it is not reasonable to expect a transformation to come from training alone. However, a well-designed training program can be a catalyst that produces ripple effects within an organization, a community, and beyond. Researchers and facilitators should come together to share insights on ways to make anti-bias training as effective as it can be and then use those insights to create a less biased, more equitable world.

## endnote

- A. From the editors to nonscientists: For any given data set, the statistical test used depends on the number of data points and the type of measurement being used, such as proportions or means. Hedges's  $g$  is a measure of effect size, with interpretation as follows:  $g = 0.20$  is considered a small effect,  $g = 0.50$  is considered a medium effect, and  $g = 0.80$  is considered a large effect. Cohen's  $d$  also measures effect size. Typically,  $d = 0.2$  is small,  $d = 0.5$  is medium, and  $d = 0.8$  is large.

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# Another challenge worth acknowledging

Derek R. Avery

I commend Evelyn R. Carter, Ivuoma N. Onyeador, and Neil A. Lewis, Jr., on their thorough, compelling, and thought-provoking article, “Developing & Delivering Effective Anti-Bias Training: Challenges & Recommendations,” which reviewed the challenges that organizations face in using diversity training to develop employee competence at interacting with people who differ from them.<sup>1</sup> Although I recognize each of the challenges they present and respect the solutions they offer, I want to address an additional important challenge to developing a workforce that embraces diversity—namely, that organizations are dependent on the labor market to provide prospective employees who possess the knowledge, skills, abilities, and other competencies needed to fulfill job responsibilities, yet too much of the labor force seems to start off with little inclination or skill for interacting constructively with diverse groups.

Roughly 20 years have passed since Nancy E. Day and Betty J. Glick published the results of a national assessment detailing the level of employer satisfaction with the diversity-related competency of typical college graduates in the United States.<sup>2</sup> They concluded that “HR managers who responded believe that college graduates do not possess the critical skills that are needed to handle diversity” and that “a minority of the organizations surveyed attempt to fill the diversity KSA [knowledge, skills, and abilities] gaps through corporate training.”<sup>2</sup> A good deal of anecdotal evidence suggests that these conditions persist today; hence, one could argue that organizations are being forced to do the best they can with the little they have been given.

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Avery, D. R. (2020). Another challenge worth acknowledging. *Behavioral Science & Policy*, 6(1), 71–73.

The dearth of diversity skills is part of a broader skill-related problem facing employers today: According to the Society for Human Resource Management (SHRM), 83% of recruiting companies are having trouble filling their vacancies, and 75% of employers indicate that the job candidates they see lack the requisite skills.<sup>3</sup> Further, 51% of companies surveyed by SHRM agreed that “education systems have done little or nothing to help address the skills shortage issue.”<sup>3</sup>

A strength of the article by Carter and her coauthors is that it did not just point out the problems facing employers but also offered solutions;<sup>1</sup> I attempt to do the same here. One possible solution could be for companies to partner with colleges and universities to enhance the scope and quality of the schools’ diversity education offerings. The more that companies explicitly follow the advice of scholars like Myrtle P. Bell, Mary L. Connerley, and Faye K. Cocchiara and push for mandatory diversity education,<sup>4</sup> the more likely it is that change will not only occur but do so rapidly. Higher education institutions must recognize the importance of being responsive to the evolving needs of employers if they are to prosper or even survive. When employers are displeased with the competencies that a school’s graduates typically bring to the labor market, they can elect not to recruit or select employees from that school. If multiple employers take such a stance, their choice places the school at a competitive disadvantage that makes it less attractive to students and, consequently, less financially viable. Thus, employers can exert pressure on schools to do a better job of preparing students for careers in diverse occupational settings. This pressure can be applied by company representatives who formally participate on boards of visitors and regents and can help inform the broader faculty and educational administrators about

the diversity-related competencies graduates will need to be successful.

A complementary potential solution involves employers taking an active role in shaping the curricula that students experience prior to college. Individuals begin developing beliefs about specific social-identity groups and diversity in general and also skills for navigating interactions with dissimilar others early in life, and these beliefs and skills can be influenced by their educational experiences.<sup>5,6</sup> By lobbying local school boards and having corporate representatives volunteer at or organize diversity-related educational activities (such as field trips to corporate headquarters, talks by qualified speakers, or community-based celebrations of cultures), companies can help to shape the cognitive development of individuals who will become prospective employees down the road. Admittedly, this entails a longer-term investment than companies may be accustomed to making, but such efforts are similar to actions that some organizations in the technology sector (such as the Gates Foundation) are taking to influence the development of technology skills at a young age.

In short, if organizations truly want to maximize the ability of their employees to deal with the complexities that diversity presents, they cannot continue to be passive consumers of the secondary and postsecondary educational systems. Rather, they will need to become more explicitly involved in incentivizing and helping to facilitate education that teaches children, young adults, and older nontraditional college students about diversity and how to deal with it.

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# Synergy from diversity: Managing team diversity to enhance performance

Daan van Knippenberg, Lisa H. Nishii, & David J. G. Dwertmann

## abstract

The business case for diversity holds that diversity leads to synergy; that is, having multiple perspectives results in performance benefits, such as improvements in decisionmaking, problem-solving, creativity, and innovation. Research on diversity in teams has documented conditions under which it leads to improved performance. Current diversity management practices in organizations, however, focus more on preventing the negative effects that can follow from diversity (such as discrimination and lack of inclusion) than on how to gain the performance benefits that diversity can afford. In this article, we draw on recent reviews of the team diversity and diversity management literatures to suggest strategies likely to stimulate synergy from diversity. We conclude that diversity management practices must include actions that are designed specifically to spur teams to integrate diverse information and perspectives. In addition, such practices are most likely to enhance performance if they are deployed as part of a bundle of diversity management practices (rather than as stand-alone initiatives) and if formal human resources diversity practices are complemented both with informal diversity-supporting leadership actions and with formal accountability systems for monitoring whether practices are implemented as intended.

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van Knippenberg, D., Nishii, L. H., & Dwertmann, D. J. G. (2020). Synergy from diversity: Managing team diversity to enhance performance. *Behavioral Science & Policy*, 6(1), 75–92.

## Core Findings

### What is the issue?

Organizations recognize the importance of workforce diversity but tend to focus on its negative dimensions—preventing discrimination and exclusion—rather than explicitly championing its positive performance benefits. These benefits do not arise automatically but require systemic, integrated interventions.

### How can you act?

Selected recommendations include:

- 1) Bundling aligned diversity practices to increase the likelihood that a diversity practice will meet its aim
- 2) Stimulating information integration through holding team members accountable for how they arrived at outcomes, by having them describe the process they used to produce them

### Who should take the lead?

Researchers and organizational leaders

Today's societies have become increasingly diverse, as have their workforces. In the United States, for example, 17.4% of the civilian labor force in 2017 was foreign-born, up from 13.3% in 2000.<sup>1</sup> By 2030, net international migration will be the primary source of U.S. population growth,<sup>2</sup> further adding to workforce diversity. Racial diversity will increase as well, with the White population losing its majority over the next decades.<sup>3</sup> Diversity in the United States is increasing along other dimensions as well: Women now constitute almost half of the labor force (46.9% as of 2018),<sup>4</sup> the share of workers 55 years of age and older will continue to rise, and people are increasingly disclosing their LGBTQ status and disabilities. Similar patterns are occurring in other industrialized nations.<sup>5</sup>

In parallel with these trends, many companies and governmental organizations have come to view diversity and inclusion as important to what is called the *business case for diversity*: the contention that organizations with more diverse workforces outperform organizations with less diversity among their employees.<sup>6</sup> A 2017 survey of more than 10,400 business and human resources (HR) leaders across 140 countries found that 69% consider the issue of diversity and inclusion to be important or very important.<sup>7</sup> This number is up by 32% since just 2014, and the report concludes that ensuring diversity and inclusion are now CEO-level responsibilities.

Organizational leaders often think that the performance benefits of workforce diversity arise automatically.<sup>8</sup> They thus see their organization's main diversity-related challenge as an equal opportunity issue: how best to attract and retain a diverse workforce. They assume that once diversity is achieved, synergy will certainly follow: the various perspectives of diverse groups will lead to more creativity and innovation, higher quality decisions, and ultimately better performance than would have been achieved by a nondiverse workforce.<sup>9</sup>

Yet research into the interactions within diverse teams and diversity's effects on team performance suggests that this prevailing view is too

simplicistic: The reality is that achieving synergy takes effort.<sup>10</sup> (Much of the research into diversity's effects looks at teams, such as work groups and departments, because the team is where diversity's effects unfold and because a process that generally occurs only in teams—namely, the integration of diverse perspectives—is key to realizing the performance benefits of diversity.)

What should organizations do to improve the odds of achieving synergy from diversity? In other words, which practices should be adopted to manage diversity—to create and maintain a diverse workforce, provide an environment in which employees can function well regardless of their backgrounds, and stimulate the generation and creative synthesis of diverse ideas? Unfortunately, although research into team diversity suggests that current diversity management practices are suboptimal, neither team diversity research nor research on diversity management practices speaks directly to the policies and practices that would best stimulate synergy from diversity. Of necessity, the diversity management research generally has been limited to looking at existing practices, such as the effects of nondiscriminatory hiring procedures. By bringing together and synthesizing the streams of team diversity and diversity management, though, we can offer insight into how to develop diversity management practices that will foster the synergy promised by the business case for diversity.

The research into team diversity highlights conditions that influence whether diversity will lead to enhanced performance, and our analyses of the research into diversity management suggest ways to ensure that organizations provide such conditions. We conclude that to realize the business case for diversity, diversity management practices need to move beyond equal opportunity programs to also specifically stimulate the open exchange and use of divergent ideas. Further, synergy-stimulating practices should be instituted as part of a bundle of diversity management practices with related aims rather than as stand-alone initiatives. And the bundles should be complemented by informal management actions as well as formal efforts dedicated to ensuring that the



diversity- and synergy-promoting practices are implemented as intended.

## Definitions & Context

Before addressing the team diversity and diversity management literatures, we first step back to give some context. In particular, we clarify what we mean by *diversity*, summarize the state of research into the validity of the business case for diversity, describe our approach to reviewing the massive literature on team diversity and diversity management, and explain why we concentrate more on research into team diversity than on research into organizational diversity as a whole.

*Diversity* refers to a characteristic of a social unit—a group, team, organization, nation, or the like—and the extent that the individuals in a unit differ on an attribute of interest.<sup>11</sup> An attribute of interest can be anything, for example, demographic features, job-related characteristics, personality traits, or attitudes and values. All these attributes have been studied in behavioral research on diversity, although the most attention has been dedicated to demographic diversity (in the form of gender, race or ethnicity, and—to a lesser extent—age) and to job-related diversity (in the form of people's tenure in their jobs and their educational and functional, or job-expertise, backgrounds).<sup>12,13</sup> This emphasis in research mirrors organizational practice, where the most visible diversity management efforts have sought to address gender, race, and ethnicity imbalances<sup>14</sup> and where there is a strong interest in cross-functional teams consisting of members with diverse competencies.<sup>15</sup>

The business case for diversity essentially holds that more diverse teams and organizations perform better than less diverse ones<sup>6,8</sup> because diversity introduces a broader range of perspectives and insights that, in turn, engender greater creativity, more innovation, and better decision-making.<sup>10</sup> The widespread belief in the business case for diversity might imply that reliable evidence supports the view that more diverse teams and organizations perform better. Indeed, some studies show positive performance effects

of diversity, but other studies show negative effects or no effects. As we explain more fully, the overarching conclusion from this research is not so much that more diverse teams and organizations can be counted on to perform better but rather that important preconditions are required to realize positive performance benefits of diversity. What emerges is more of a business case for diversity management than a business case for diversity per se.

In this article, we do not review all the empirical research into team diversity and diversity management; there is simply too much of it out there. Team diversity research encompasses hundreds of research articles,<sup>11,16,17</sup> as does research on diversity management practices.<sup>9,18</sup> Instead, we draw on a series of authoritative literature reviews and meta-analyses relating to these topics. Meta-analyses, which analyze data from multiple studies, allow for stronger conclusions than do narrative literature reviews, but narrative literature reviews are better able to extract important insights from specific studies. Thus, meta-analyses and literature reviews complement each other.<sup>19</sup>

To address the performance effects of team diversity, we concentrate on three reviews that build on one another to cover roughly 60 years of research. In 1998, Katherine Williams and Charles O'Reilly conducted a comprehensive review of the first 40 years of team diversity research.<sup>17</sup> Then, in 2007, Daan van Knippenberg and Michaëla Schippers reviewed the research in team diversity and performance that had been published since the Williams and O'Reilly review.<sup>11</sup> And, in 2017, Yves Guillaume and his coauthors likewise covered the literature published after van Knippenberg and Schippers's review.<sup>16</sup> In addition, we draw on two meta-analyses of team diversity and team performance research. In 2012, Hans van Dijk and his colleagues published the most comprehensive meta-analysis of this body of research to date, including both field studies and experiments.<sup>13</sup> In 2009, Aparna Joshi and Hyuntak Roh analyzed findings from a more limited set of studies (looking at field research only) but dove more deeply into the effects of organizational context.<sup>20</sup>



Regarding why we focus on team diversity, we acknowledge that a legitimate case can be made for looking at the effects of organizational diversity.<sup>21–26</sup> After all, it is reasonable to want to know how diversity affects organizational performance. However, we emphasize team diversity in part because the vast majority of studies on diversity and performance have had that focus,<sup>13,20</sup> and with equal legitimacy: As we noted above, the team is arguably the direct social environment in which diversity effects play out. Further, research on team diversity reveals more about the group dynamics and psychological processes underlying diversity's effects than does research focused on the broader organization.<sup>27</sup>

## Team Diversity Research: Methods & Findings

Diversity's effects on team performance are typically studied in teams that do what is called *knowledge work*, which is the kind of work that requires intensive thinking, as opposed to rote activity. *Team performance* can be defined broadly as the quality and volume of the team's output, which includes the execution of assigned tasks as well as the introduction of innovations. What teams do can vary widely within and between organizations. Research into the performance effects of diversity concentrates on teams that do knowledge work (such as management or research and development teams) because they are the ones that benefit most from the integration of different perspectives<sup>10,11,16</sup> and that are most responsible for high-quality decisionmaking and innovation—and thus for fulfilling the business case for diversity.

To capture the performance effect of team diversity, researchers have largely relied on two methods: surveys and experiments. With the survey method, researchers administer questionnaires designed to reveal team processes and psychological states and then analyze those data along with information about team diversity and measures of performance. In experimental research, teams that are designed to be less or more diverse on an attribute of interest (such as gender, race, or ethnicity)

perform tasks in a controlled environment, and experimental variations (such as different instructions) are introduced; investigators then evaluate how team diversity, contingent on one or more additional experimental manipulations, affects outcomes of interest such as team performance or team creativity. Surveys yield findings from actual organizations, making it easier to translate the results into recommendations for practice. But survey research reveals only correlations and thus cannot prove that diversity causes the outcomes seen; it is always possible that unmeasured factors account for the correlations. Experiments allow for conclusions about cause and effect, but the extent to which their conclusions generalize to work in actual organizations can be uncertain.

Fortunately, the conclusions of the survey research and the experiments converge, as van Dijk and his colleagues demonstrated in their 2012 meta-analysis that included both kinds of studies.<sup>13</sup> This convergence strongly suggests that the correlations uncovered in surveys speak to causality and that differences found in the effects of diversity in experiments also occur outside of the laboratory. Overall, the research has shown that team diversity does not automatically lead to superior performance. It can, in fact, impede performance at times. These two effects have been well-documented in the three major literature reviews mentioned above.<sup>11,16,17</sup>

## Theoretical Explanations for Positive & Negative Outcomes

Theorists have proposed explanations for each of these effects separately, although the individual theories do not offer clear guidance as to when the benefits rather than the drawbacks will occur. The approach that explains diversity's positive effects on performance can be called the *informational resource perspective*. It emphasizes that different people know, see, and conceive of different things. Therefore, the more diverse a team is, the more likely it is that its members will bring diverse information, insights, and perspectives to the team. By exchanging and integrating these views, teams involved in knowledge work can capture and combine the best contributions in ways that

result in better decisions and generate more creative, higher quality solutions to problems.

The theoretical approach that explains diversity’s negative effects on performance can be called the *intergroup tension perspective*. It emphasizes us-versus-them thinking and the notion that differences between people can lead to stereotyping, prejudice, and discrimination, whereas similarities between people may make it easier to bond, trust, and collaborate. Differences between people—especially demographic differences that may elicit stereotypic beliefs—can lead to a preference for working with similar over dissimilar others and can disrupt team functioning by reducing collaboration and communication. (A point of clarification: In this conception and in the team diversity literature, the term *intergroup differences* refers to demographic or other group-related differences between people in a team, not—as might be inferred from the prefix—to differences between one team and another.) Table 1 captures the essence of the informational resource and intergroup tension perspectives.

Research suggests that both the informational resource perspective and the intergroup tension perspective are valid:<sup>11,16,17</sup> information inte-

“the more diverse a team is, the more likely it is that its members will bring diverse information, insights, and perspectives to the team”

gration processes explain the positive effects of diversity,<sup>28</sup> and intergroup tensions explain the negative effects.<sup>29,30</sup> To help organizations better predict when conditions will result in desired outcomes, van Knippenberg, Carsten De Dreu, and Astrid Homan have combined the insights from both perspectives into a theoretical model that identifies when one or the other perspective will hold true.<sup>10</sup>

The model, which is well supported by research, takes several concepts into account. First, intergroup tensions get in the way of information integration; once tensions occur in a team, they lead to breakdowns in communication. Second, intergroup tensions are not inevitable; the less the team climate invites such tensions, the less likely it is they will arise. Third, information integration does not automatically happen in the absence of intergroup tensions; teams need to

**Table 1. Two perspectives on the effects of diversity on team performance**

Both perspectives described below have merit: In some circumstances, team diversity can enhance performance, but in other circumstances, it can be an impediment. To achieve synergy from team diversity, organizations need to minimize tensions that can arise from diversity and encourage the integration of divergent views.

| Characteristic                     | Informational resource perspective                                                                                                                                                                                       | Intergroup tension perspective                                                                                                                                      |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| What is the core idea?             | Diversity is a source of information, insights, and perspectives that may stimulate strong team performance.                                                                                                             | Diversity may invite us-versus-them thinking, in which dissimilar others are liked and trusted less than similar others, thereby disrupting team performance.       |
| What is the core process involved? | In teams with diverse perspectives, the exchange, discussion, and integration of differing views result in better insights, ideas, decisions, and solutions than teams without diverse perspectives are able to produce. | Less liking of and trust in dissimilar others results in less communication, coordination, and cooperation and more interpersonal conflicts in more diverse groups. |
| What is the core effect?           | More diverse teams perform better when tasked with knowledge work, which requires deep thinking.                                                                                                                         | More diverse teams perform more poorly than less diverse teams do.                                                                                                  |

explicitly focus on achieving such integration, and a climate that encourages and enables such a focus in teams invites more information integration. This framework brings to the fore two key challenges that need to be resolved through effective diversity management: how can intergroup tensions be prevented, and how can information integration be stimulated?

Regarding tension prevention, the model proposed by van Knippenberg and his colleagues points to the need to overcome two general influences.<sup>10</sup> One is the extent to which the structure of the work environment reinforces stereotypes that feed into intergroup tensions. (Usually, this effect is unintentional.) If most of the people who perform a given work role come from a specific demographic group, for instance, this pattern may invite stereotype-based perceptions. For example, say that the doctors in a hospital are predominantly men and that the nurses are predominantly women; this pattern may result in more tension between male and female doctors than when gender is not as strongly associated with work roles. Likewise, having the vast majority of higher management be men may provoke more gender-based tensions in management than when the proportion of men and women in leadership is more balanced. Imbalances in status and power promote tense intergroup dynamics.<sup>30,31</sup> The second tension-producing influence is the extent to which stereotyping is reinforced by personal beliefs, team climate, or organizational culture, because stereotyping typically favors us-over-them thinking.

With respect to stimulating the integration of information, the model identifies three influences. One is the nature of the task: Some jobs require more information integration and problem-solving than others. Teams involved in knowledge work—which demands creative thinking and problem-solving—benefit more from information integration than do teams focused on more routine tasks. Second is the motivation for high-quality performance: The higher this motivation is, the more likely it is that members will invest in information integration and learn from one another. Third, because knowledge integration is often challenging,

success requires competence and time: team members need to be knowledgeable and able to understand new information and perspectives, and they also need time to work through the integration process. In essence, benefiting from diversity requires teams to perceive the need for integrating multiple viewpoints and to have the motivation, competence, and time to do it.

The model thus suggests that organizations could help to promote synergy from diversity by implementing such practices as increasing diversity among people in positions of power, hiring broad-minded people, providing training aimed at motivating people to seek out and integrate diverse ideas, and giving teams time to accomplish the information-integration processes.

### Do Theoretical Explanations for Differing Outcomes Hold Up?

The available evidence not only demonstrates that diversity's effects are far from automatic but also lends support to the theoretical explanations for when negative or positive outcomes are likely. The comprehensive meta-analysis published by Van Dijk and his colleagues in 2012 offers some of the strongest evidence that synergy does not automatically result from diversity.<sup>13</sup>

The analysis, which synthesized results from 146 studies and yielded 612 associations between diversity and performance, found great variation in the effects of the major types of diversity studied, with demographic diversity, job-related diversity, and “deep-level” diversity (that is, differences in individual characteristics such as personalities, attitudes, values, and abilities) all sometimes strongly detracting from performance and sometimes strongly enhancing it.<sup>13</sup> Overall, neither demographic diversity nor deep-level diversity had a statistically significant effect. Job-related diversity did show a statistically significant positive influence, but the overall effect was very small. (See note A for statistical details.)

In other words, these findings confirm that no kind of diversity leads reliably to good or bad



The composition of the civilian labor force in 2017 for those who were not born in the US was 10%

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The composition of the labor force in 2018 for women was 46.9%

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69%

Business and HR leaders across 140 countries who thought diversity and inclusion were important or very important in 2017

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performance and that demographic diversity, job-related diversity, and deep-level diversity all have the potential to be either productive or counterproductive. This is an important observation because it corrects a once widespread misunderstanding among researchers that demographic diversity is disruptive to performance, whereas job-related diversity promotes positive effects.<sup>12</sup> The analysis is also important for correcting the broadly held but mistaken belief in the business world that all forms of diversity are good for performance and that the conditions under which such positive effects can be expected do not need to be specified. Finally, it offers some of the strongest evidence for our earlier assertion that there is not so much a business case for diversity (in the sense that diversity will invariably result in positive outcomes) as there is a business case for *diversity management*: because diversity can result in positive or negative outcomes, businesses should focus on creating the conditions that make diversity a positive influence.

The meta-analyses we have highlighted also speak to some of these conditions in ways that align well with insights from the integrated model of diversity's effects put forward by van Knippenberg and his coauthors.<sup>10</sup> In line with the postulate that diversity is most likely to result in synergy when teams do knowledge work and are confronted with difficult tasks that require knowledge integration, the meta-analyses of both van Dijk and his colleagues and Joshi and Roh have shown that diverse teams perform better than nondiverse teams when teams have a greater need to integrate diverse knowledge and when team members possess diverse information relevant to the task at hand.<sup>13,20</sup> The van Dijk group also found that job-related diversity improved performance more when tasks were highly complex than when complexity was low and that overall diversity (encompassing demographic, job, and deep-level diversity) improved creativity and innovation more than it enhanced the performance of assigned tasks—which presumably were more routine and less challenging than tasks requiring innovation.<sup>13</sup> Joshi and Roh found that job-related diversity enhanced performance more in high-tech industries than in service work, whereas the

reverse was the case for demographic diversity.<sup>20</sup> (For details on the statistics, see note B.)

The van Dijk group's meta-analysis also showed, however, that the influences highlighted in the previous paragraph do not explain all variation in effect sizes.<sup>13</sup> To gain further insight into the conditions that generate the positive effects of team diversity and prevent its negative effects, we return to the three key literature reviews. In broad strokes, the literature reviews, in common with van Knippenberg, De Dreu, and Homan's theoretical analysis, distinguish between factors that tend to affect disruptive tension between team members and factors that tend to enhance the ability to integrate diverse information to solve problems.<sup>10</sup>

The research that focuses on the causes and amelioration of tension shows that diversity is likely to have negative effects if members differ on multiple attributes such that a difference in one attribute converges with differences in another attribute. In one example of this phenomenon, van Knippenberg, Jeremy Dawson, Michael West, and Astrid Homan showed in a study of top management teams in United Kingdom manufacturing firms that organizational productivity suffered when gender differences in a team overlapped with differences in the functional areas members represented (such as HR, operations, or sales).<sup>32</sup>

Using data collected from employees in different departments of a biomedical company, Lisa Nishii also showed that the amount of interpersonal conflict is lower in diverse groups that have inclusive climates. Such climates are characterized by unbiased practices, a shared value of developing personalized understandings of others (to replace stereotypic assumptions), and beliefs and norms that encourage the consideration of diverse perspectives when making decisions.<sup>30</sup>

As for conditions that catalyze the integration of diverse ideas, the reviews indicate that team members need to feel motivated to engage in such behavior, as has been shown, for instance, in studies examining the extent to which team members are open-minded and

focused on learning and on forming accurate judgments.<sup>28,33,34</sup> Fortunately, it turns out that openness to diversity and a focus on the integration of diverse perspective are things that team members can learn.<sup>35,36</sup>

Evidence suggests as well that having participative leaders—those who solicit and seriously consider diverse insights—can inspire members of diverse teams to do the same and to emphasize the information integration that fosters innovation.<sup>37</sup> The research also highlights the need for diverse teams to have adequate time to work on integrating the information they need to process: To perform well, diverse teams need more time than homogeneous teams do. Eventually, diverse teams can outperform homogeneous ones.<sup>29</sup> Presumably, teams need to learn to capitalize on their diversity, and this learning process takes longer the more diverse the team is—although the eventual performance payoff makes the extra time worth it.

In sum, as outlined in the sidebar Team Conditions That Favor Performance Benefits From Diversity, the study of team diversity and performance suggests that team diversity is good for team performance when teams engage in knowledge work. It is important to note, however, that diversity does not automatically lead teams to put in the effort needed to integrate diverse information and thereby enhance innovation and problem-solving. Teams need to operate in an environment that prevents stereotyping and intergroup tensions and

stimulates information integration. How best to avoid tension and promote synergy, then, is the challenge for the people who are responsible for diversity management.<sup>9,30,38</sup> In the next section, we discuss what the research on diversity management says about this issue.

### Insights From Diversity Management Research

For context, we note that diversity management practices historically have not been developed with the aim of enhancing performance (that is, fulfilling the business case for diversity). Rather, they have been shaped by legal and other concerns over discrimination and bias in employment.<sup>39,40</sup> Instead of addressing ways to reduce tensions and enhance information integration in teams, the dominant focus of formal diversity management practice has been providing equal employment opportunities—preventing biases in recruitment, retention, and promotion.<sup>9</sup> And because diversity management research examines existing practices, the research likewise pays little attention to generating synergy from diversity.

This is not to say that the current knowledge base relating to diversity management offers no valuable insights into how to build on diversity to improve performance. After all, a focus on equal employment opportunity is not completely disconnected from an emphasis on performance. Tensions between team members who differ from one another and employment inequality both have their roots in the us-versus-them thinking that may be sparked by diversity, and preventing or easing the tensions starts with equal employment opportunity and inclusion. All other things being equal, the more that organizations follow practices that aim to prevent discrimination, the more that they should benefit from diversity. What is more, to benefit from diversity, organizations need to first be diverse.

Clearly, however, preventing tensions between people who identify with different demographic or other groups is necessary but not sufficient for stimulating enhanced performance—which means that solely focusing on equal employment opportunity is a suboptimal way to

### Team Conditions That Favor Performance Benefits From Diversity

Research indicates that the teams most likely to reap performance benefits from diversity tend to

- do work that requires intense thinking,
- rely on one another to solve problems,
- have the motivation and skills needed for the task at hand,
- have leaders who model the sharing and integration of varied ideas,
- operate in a climate that prevents stereotyping and is inclusive, and
- take the time needed to process diverse perspectives.

manage diversity. We therefore issue a call to arms: To realize the business case for diversity, organizations will need to adopt diversity management practices that specifically aim to encourage and enable the integration of diverse perspectives. In the spirit of evidence-based management, organizations would do well to partner with researchers to systematically evaluate the effectiveness of the practices they institute and the factors that account for the effects.

Meanwhile, though, a review of the current research on diversity management reveals strategies for making diversity management practices more effective in ways that should be relevant to practices for stimulating synergy. Consider research that assessed the relationship between performance and a range of diversity practices in a sample of Irish companies. (The practices included providing diversity training; seeing diversity as a means to achieve company goals; instituting a formal diversity policy; hiring a senior management champion for diversity; and monitoring recruitment, promotion, and pay by gender, race, ethnicity, and disability.<sup>41</sup>) The study found that firms adopting more of these practices achieved higher productivity, greater innovation, and better employee retention.

Unfortunately, although this finding supports the view that there is a business case for diversity management, it does not reveal which practices are most effective or how to best implement them. To glean some insight into this question, Nishii and several coauthors reviewed more than 100 empirical studies examining how well various diversity management practices reduced discrimination, increased managerial diversity, and improved performance. The practices included affirmative action and equal opportunity programs, targeted recruiting, diversity training, work–life balance initiatives, mentoring and sponsorship, and employee resource groups (employee-led groups of people who have a commonality, such as a disability).<sup>18</sup> They found no conclusive support for any of these so-called best practices: none was consistently associated with hoped-for outcomes for the intended beneficiaries of the practices.

Nishii and her colleagues also went on in their review to try to discern why the results were so mixed. They started from the understanding that organization-level results can be less than clear-cut, because the studies do not account for many important factors that can interact with diversity management practices to shape outcomes.<sup>18</sup> For instance, an organization that has laudable diversity management practices on the books but does not follow through on them is likely to have different outcomes than a company with similar practices that does follow through. (These various influences are one reason it is risky to blindly adopt a “best practice” of another company without carefully considering how and why the practice was implemented by that particular company.)

In their analysis, Nishii and her coauthors identified a series of processes that influence whether diversity management practices will enhance performance.<sup>18</sup> Are the practices merely intended or are they actually put into practice? Do employees understand the goals of the practices? Do they agree with the goals and the way the practices are implemented? Do the practices lead to behaviors that result in improved performance? Differences in those processes as well as in other factors that influence them mean that the path from the creation of a diversity management practice to its resulting impact on performance will not be straightforward; each successive set of outcomes in the overall process will not necessarily occur as hoped.

The researchers concluded that the two most critical processes for organizations to consider are whether and how the practices that exist on paper are, in fact, implemented and how employees experience those implemented practices.<sup>18</sup> Factors that influence these two links in the chain of processes leading from the creation of a practice to its effects strongly determine the extent to which diversity management practices have their hoped-for effects. Unfortunately, however, these factors usually are not well understood, documented, or assessed in organizations. Table 2 and the text that follows offer advice for ensuring that diversity management practices are implemented as intended and thereby increase the

**Table 2. Actions to meet two key challenges in diversity management**

The challenges and actions discussed in the table apply to diversity management in general as well as to diversity management practices aimed specifically at achieving synergy from diversity. The actions signal to employees that companies truly value diversity and thus encourage buy-in to the practices.

| Challenge                                                     | Action                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ensuring that managers implement intended practices           | <ul style="list-style-type: none"> <li>• Create an accountability structure so that failure to implement practices will be noted and addressed.</li> <li>• Explain the value of the practices by emphasizing the organizational benefits of diversity, not the benefits to individual demographic groups.</li> <li>• Ensure that top management favors the practices and communicates this support.</li> </ul> |
| Implementing practices so that they have the intended effects | <ul style="list-style-type: none"> <li>• Identify and implement behaviors and processes that support the effectiveness of the practices.</li> <li>• Use aligned bundles of practices rather than stand-alone practices.</li> <li>• Align informal manager behavior so that it supports the practices.</li> <li>• Build diversity into the organization.</li> </ul>                                             |

likelihood that the practices will have their intended effects.

### Keys to Ensuring Implementation

The challenge of inducing managers to implement diversity management practices is not unlike the challenge of ensuring reliable and consistent follow-through. Managers play a particularly key role here: The way that they interpret the underlying intent and worth of an organizational policy or practice influences how (and even whether) they implement it as expected. Research shows that the key factors that shape managers' motivation to implement typical diversity practices, such as targeted recruitment, are the existence of accountability structures and the extent to which managers perceive a practice as a threat. Accountability structures are systems that exist explicitly to assess whether procedures are implemented as intended.

The need for accountability structures is among the clearest lessons from research on diversity management: Managers are more likely to follow through on practices if they expect to be judged on whether the practices have been implemented properly.<sup>42–44</sup> Alexandra Kalev, Frank Dobbin, and Erin Kelly have provided one of the most compelling illustrations of this point.<sup>45</sup> Using data relating to 708 organizations over a 31-year period, they showed that diversity training, equal opportunity performance

evaluations of managers, mentoring, and networking are more likely to increase diversity in managerial ranks if they are combined with accountability structures, such as annual reporting through affirmative action plans and the presence of staff who are dedicated to monitoring the progress of diversity programs.<sup>45,46</sup>

The significance of accountability cannot be overstated. Not only can lack of accountability impede bias reduction by allowing poor implementation of diversity management practices, but the accountability failure may even exacerbate biases. Some may find this exacerbation surprising. Yet research shows that when organizations tout their practices as fair, managers tend to become more complacent about scrutinizing their own prejudiced attitudes, as evidenced by more biased hiring decisions<sup>47</sup> and stronger pro-male biases in the allocation of bonuses.<sup>48</sup> In such contexts, people also take claims of discrimination less seriously.<sup>49</sup> The main lesson for practice is that diversity practices promoted as enhancing fairness can backfire unless organizations adopt accountability mechanisms ensuring that decisionmakers maintain their motivation to be unbiased.<sup>50</sup>

The importance of holding managers accountable for implementing diversity practices becomes even clearer when one considers the fear and other feelings that can make managers



“managers are more likely to follow through on practices if they expect to be judged on whether the practices have been implemented properly”

resistant to meeting equal opportunity expectations. Many studies have shown that managers become less supportive of diversity programs when they feel personally threatened by them or if they perceive that the programs are designed to benefit employment outcomes for members of other demographic groups at the expense of their own.<sup>51–55</sup> In 2011, Michelle Duguid found, as well, that women who are tokens in high-status positions can be reluctant to promote other women who are not highly qualified, for fear that those women will confirm negative gender stereotypes.<sup>56</sup> Some evidence suggests that managerial resistance can be allayed by making the business case for diversity—that is, by emphasizing that diversity management practices, such as targeted recruiting and leadership development, are not at odds with the interests of nonbeneficiaries but rather are intended to promote the interests of the organization by creating the kind of diversity that can enhance problem-solving and innovation.<sup>57,58</sup>

### Keys to Achieving the Intended Effects From Implemented Practices

As for ensuring that employees respond well to diversity management practices meant to enhance synergy, team and organizational leaders can glean lessons from research into the factors that affect responses to diversity management practices in general. Employee reactions to mentoring programs illustrate this point. Mentoring is widely assumed to be a diversity best practice that improves both the work engagement and the retention of diverse talent. And it does have that effect, as long as employees' experiences with mentoring reinforce the organization's intended message that the participants are valued employees and their development is a priority. However, people who are dissatisfied with their mentor report having stronger intentions to quit than they had before joining the mentorship program,<sup>59</sup> suggesting that these programs can backfire. Offering a mentoring program is not enough;

the company needs to ensure that the resulting mentoring relationships are satisfying. Research indicates that mentoring relationships are more effective when they involve more communication<sup>60</sup> and more frequent interactions<sup>59</sup> and when the mentor is from a different department<sup>59</sup> and demographically similar.<sup>61–63</sup> These results suggest that organizations should proceed carefully when implementing mentoring programs for women or for racial or ethnic minorities, the usual intended beneficiaries of such programs. Members of these groups may end up dissatisfied with the mentors assigned to them, given that a company's workforce may not include enough demographically similar leaders who can mentor them.

The more general point here is that when planning to adopt a practice, organizations need to carefully map out the specific characteristics that are required to make the practice effective. They also need to find ways to ensure that these characteristics are incorporated into the practice when it is implemented. When it comes to practices that stimulate information integration, it may, for instance, pay to develop practices around what psychologists call “process accountability.”<sup>64</sup> When teams are held accountable for how they arrived at a certain outcome—that is, they must describe the process they used to produce the outcome—information integration is stimulated in knowledge work.<sup>65</sup> At the same time, the requirement would also create a way for management to monitor the implementation of the practice: by reviewing the teams' process reports.

Another important consideration relating to employee perceptions of—and thus reactions to—diversity practices is that employees are keenly attuned to signals that indicate whether an organization's stated purpose for a practice is its true impetus. The more that signals lead employees to believe in the authenticity of the

stated intention, the more positive their reactions will be, and the more likely it is that the practices will achieve the desired results. Such concerns need to be taken seriously. For example, employees know that organizations want to maintain a positive public image and comply with legal requirements relating to diversity. As a result, existing and prospective employees can be suspicious of an organization's motives for increasing diversity and for issuing statements touting how much it values diversity. Simply adopting a practice is not enough to convince existing or potential employees—especially those from underrepresented groups—that the organization is genuine in its expressed desire to build a diverse and inclusive organization and achieve synergy from diversity.

A strong body of evidence indicates that one major way to signal sincere support for a practice is to enact bundles of aligned practices that all have related goals. The adoption of multiple aligned practices makes any single practice seem more credible because the bundling reinforces the message that an organization is serious about its efforts. In a 2005 experiment relating to diversity, Barbara Rau and Gary Adams found, for instance, that an equal employment opportunity statement explicitly saying that a company values mature workers promotes older prospective workers' interest in working for the company only when the firm also offers multiple practices that are important to older workers, such as flexible work arrangements and mentoring.<sup>66</sup> A similar message emerged from a more recent meta-analysis of 260 studies of diversity training. In 2016, Katerina Bezrukova and her colleagues showed that diversity training is more impactful when it is integrated with other diversity practices.<sup>67</sup> Bundling aligned diversity practices also increases the likelihood that a diversity practice will meet its aim: Multiple studies show that the more diversity practices an organization has in place, the stronger the positive effects on organizational performance,<sup>41,68,69</sup> managerial diversity,<sup>70–72</sup> and employee retention.<sup>41,73</sup> Unfortunately, research on bundles of diversity practices is not yet developed enough to identify which combinations of practices are

particularly well-aligned and most effective for increasing diversity and promoting synergy; this question requires further study.

Whether employees believe an organization's claims of valuing diversity and inclusion also depends on the ways that managers carry out the practices. Formal policies and practices are one thing, but the way representatives of the organization act in day-to-day operations is another thing, and the alignment of the two can vary. For example, Belle Ragins and John Cornwell have shown that although LGBTQ-friendly policies are important for promoting inclusion, employees are more affected by having their same-sex partner welcomed at company social events.<sup>74</sup> Similarly, in a review of practices meant to improve work-life balance, Ann Marie Ryan and Ellen Kossek noted that employees' reactions depended on their perception of the strength of their managers' support of the practices.<sup>75</sup> When supervisors fail to support employees' family needs in spite of official policies, employees doubt organizational leadership's belief in work-life balance.<sup>76</sup> Similarly, research into diversity training shows that trainees are more motivated and therefore are more responsive when the company's own managers deliver the training.<sup>77</sup> This outcome is noteworthy because it is at odds with the tendency of organizations to outsource much of their diversity training. Regarding efforts to create synergy, such findings would suggest that managers and team leaders should complement formal practices focused on creating synergy with, for instance, voicing their own belief in the value of the integration of diverse perspectives and with participating in such integration efforts.

Diversity itself is also a credibility signal. Even when an organization's leaders express belief in the value of diversity and institute formal practices to foster diversity and inclusion, employees may view the espousals and practices with a jaundiced eye if the organization itself is not diverse, especially at the management level. Employees are, for instance, more likely to believe that their organization truly values diversity and inclusion when women and minorities are well represented in management,

as is evinced by a lower tendency to file discrimination charges.<sup>78</sup> In the case of work–life initiatives, seeing evidence that women can be successful in the organization lends significant credibility to the notion that employers adopt such initiatives because they value their female employees. Further, evidence shows that work–life initiatives are more likely to pay off (in the form of better organizational performance) in firms that have a high proportion of female employees and managers.<sup>79</sup> Joshi and Roh likewise showed in their meta-analysis that diverse teams performed better when the organizations that employed them were more gender or ethnically diverse: Diverse teams performed relatively badly when the organization was male dominated or had a White majority and relatively well when it was gender or ethnically balanced.<sup>20</sup> (For details on the statistics, see note C.) Diversity, then, is not only an outcome of diversity management practices but also serves as a signal of the organization’s attitude toward diversity. That is, it colors employees’ interpretation of the organization’s practices and communications about diversity and inclusion and thereby enhances the ability of diverse teams to perform effectively.

Thus, even though the collected research on diversity management does not center on practices designed to stimulate synergy from diversity, that literature still offers valuable lessons about how diversity management should be handled to enhance an organization’s performance. One overarching lesson is that by merely increasing diversity, existing diversity management practices can contribute to improved team and firm performance. We believe, however, that those practices are not likely to be as effective in the absence of additional practices that specifically aim to achieve synergy from diversity. The diversity management research also strongly supports the view that diversity management practices are more effective when deployed in bundles of aligned practices rather than as stand-alone initiatives and when formal HR practices are complemented with informal leadership practices and with accountability structures that monitor implementation.

“teams must proactively pursue synergy by taking pains to integrate diverse perspectives”

### **Moving Forward: In Search of Synergy**

Overall, we see key takeaways for organizational leaders who are developing diversity management practices and hoping to gain synergy from diversity, as well as for researchers who want to support that development. One clear message is that diversity management practices need to put more emphasis on information integration by teams. The other message is that those practices need to be supported in multiple ways to ensure that they have the desired effects on employees.

With respect to the diversity management practices themselves, it is clear that practice currently is underdeveloped when it comes to achieving synergy from diversity. As important as equal employment opportunity is, equal employment opportunity practices do not concern the team but rather individuals in their relationship with the organization. Such practices thus speak only indirectly to the key challenges that team diversity research identifies for realizing the positive performance effects of diversity. Even when diversity management practices succeed at improving equal employment opportunity and reducing the tensions between diverse team members, stimulating synergy requires more than just preventing such tensions; teams must proactively pursue synergy by taking pains to integrate diverse perspectives.<sup>9,38,80</sup>

Research currently does not identify management practices that clearly foster such synergy, mainly because most companies do not engage in practices that researchers can study. But research does point to elements that such practices may incorporate.

Studies indicate, for instance, that synergy is created locally—that is, in the team—and that

achieving it requires an understanding of the diversity of expertise, experience, and perspectives in one's team (a sense of "who knows what").<sup>81</sup> Teams must also be instilled with true openness to diverse perspectives and an understanding that, to benefit from diversity, members must proactively work to exchange and integrate their diverse perspectives on the job at hand.<sup>38,80</sup> In other words, the team needs to operate in a climate that fosters enthusiasm for seriously attending to diverse ideas. Teams often have an underdeveloped understanding of these requirements;<sup>82</sup> hence, diversity management needs to include leadership development programs that will enable team leaders to elicit these attitudes and behaviors.<sup>38,83,84</sup>

Van Knippenberg, Wendy van Ginkel, and Astrid Homan argued in a 2013 article that realizing this vision requires team leaders to engage in a combination of three behaviors.<sup>38</sup> First, team leaders need to clearly articulate the behaviors they expect to see and why those behaviors are important. That is, they should clearly state that teamwork includes the active pursuit of diverse perspectives on the issue at hand, including potentially contradictory ideas, and that teams should approach the various views not with the aim of choosing the "right" one but with the goal of combining and building on the best aspects of the collected ideas.

Second, leaders need to guide the team through these behaviors, encouraging team members to exchange information, truly listen to and learn from others' perspectives, and talk about how to

integrate the multiple ideas. Team leaders may, for instance, explicitly ask all members to share their views on a task and explicitly invite thoughts that are different from those already voiced.

Third, leaders need to prompt teams to reflect on these experiences, so that members understand and appreciate these key processes. The goal is to help team members see how the integration of diverse perspectives has been instrumental in achieving the team's goal—say, by helping to solve a challenging problem or giving rise to a more creative solution than otherwise would have been achieved—and to enable the group to explicitly identify what team members did to invite and integrate these diverse perspectives.

To this combination of three behaviors, we add a fourth. To complement their advocacy, guidance of team process, and stimulation of reflective discussion, team leaders should be role models, inviting diverse perspectives and seeking their integration rather than championing one perspective over others. Thus, if organizations are serious about achieving synergy from diversity, they need to put leadership development practices that target these elements of team management high on their agenda. The sidebar Team Leader Actions Likely to Enhance Synergy summarizes potentially valuable leader behaviors.

Corroborating this analysis, research has pointed to the value of inclusive leadership that demonstrates a leader's openness and accessibility to all members of the team.<sup>83,85–88</sup> Studies have also highlighted the importance of cooperative norms and group openness to diversity;<sup>30,89–94</sup> openness to diversity can be built by leaders who advocate for the synergistic benefits of diversity.<sup>38</sup>

Given the current dearth of diversity management practices specifically targeted to synergy, the practice recommendations above stem from logic and not from assessments of existing procedures. To move beyond this state of affairs, organizations need to further develop such practices and partner with scientists who can evaluate their effectiveness.

### Team Leader Actions Likely to Enhance Synergy

Research indicates that the teams most likely to reap performance benefits from diversity tend to

- articulate that pursuing diverse perspectives on a task is important,
- guide teams through the process of eliciting and considering diverse ideas and extracting the best combinations of suggestions,
- have teams review the decisionmaking processes they used to see how integrating diverse ideas was instrumental in solving the problem at hand, and
- serve as a role model by seeking and seriously considering the ideas of others.

Our advice for ensuring that the practices organizations develop to achieve synergy have the desired effects mirrors the advice for enhancing the effect of diversity management practices in general: Be sure that espoused practices are actually implemented, and take actions to guarantee that implementation has the intended effects on employees. As we have noted, some of these actions are pretty straightforward, such as creating formal systems for monitoring whether practices are reaching their goals and explaining a practice's rationale by emphasizing the benefits of diversity for the team or organization as a whole rather than the benefits to specific groups. Other actions are more complex, such as instituting bundles of formal and informal practices that all signal a firm's desire for diversity and inclusion. More research is needed to identify the characteristics that make any given practice more effective than others, to help organizations determine which bundle of practices will work best together, and to identify the informal managerial actions that will best reinforce the formal practices. Developing concrete understandings of what such actions would entail is an ongoing challenge both for policymakers and for researchers who work with them to develop effective practices.

## endnotes

- A. In meta-analyses, the strength of observed relationships is captured by the term  $r$ , which ranges from  $-1$  to  $1$ . In the study of Van Dijk and his colleagues, when the link between diversity and performance is examined, negative values indicate that greater diversity results in poorer performance, and positive values indicate that greater diversity leads to better performance; higher absolute values indicate stronger effects. The analysis, which produced 612 associations between diversity and performance, found  $r$  values ranging from  $-.35$  to  $.44$  for the effects of demographic diversity, from  $-.29$  to  $.55$  for the effects of job-related diversity, and from  $-.44$  to  $.29$  for the effects of deep-level diversity. There was no overall significant effect for demographic diversity ( $r = -.02$ ) or deep-level diversity ( $r = -.01$ ), and the overall effect for job-related diversity, even when significant, was very small ( $r = .05$ ).<sup>13</sup>
- B. When the van Dijk group showed that the effects of job-related diversity were more positive if tasks were highly complex than if complexity was low, the  $r$  values were  $.06$  versus  $-.04$ .<sup>13</sup> When they showed that the effects of overall diversity (encompassing demographic, job, and deep-level diversity) were more positive on creativity and innovation than on the performance of assigned tasks, the  $r$  values were  $.04$  versus  $.00$ . Regarding Joshi and Roh's finding that job-related diversity enhanced performance more in high-tech industries than in service work, the associated  $r$  values were  $.06$  versus  $.00$ .<sup>20</sup> When they found that demographic diversity enhanced performance more in service work than in high-tech industries, the  $r$  values were  $.07$  versus  $-.18$ .
- C. When Joshi and Roh reported that diverse teams performed relatively badly if the organization was male-dominated or had a White majority, the  $r$  values were  $-.09$  and  $-.07$ , respectively.<sup>20</sup> The finding that organizations performed relatively well when they were gender or ethnically balanced was associated with  $r$  values of  $.11$  in both cases.

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# The importance of organizational communications in employees' responses to diversity practices

Jasmien Khattab

In "Synergy From Diversity: Managing Team Diversity to Enhance Performance," Daan van Knippenberg, Lisa H. Nishii, and David J. G. Dwertmann observe that misalignment between diversity theory and actual diversity management practices often prevents organizations from achieving the systematic performance benefits diversity can bring.<sup>1</sup> Whereas theory on diversity emphasizes the preconditions required to create synergy in groups that are diverse, diversity management practices have largely addressed legal concerns relating to discrimination and are rarely designed to promote the creative integration of diverse ideas. The authors suggest several helpful actions policymakers can take to increase synergy from diversity. These include developing specific procedures that spur teams to integrate diverse information and perspectives, leveraging the role of team leaders, establishing accountability structures for meeting diversity objectives, and implementing bundles of aligned practices. To those suggestions, I add two others, relating to the way organizations communicate about diversity practices.

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In discussing the disconnect between theory and practice, van Knippenberg and his colleagues note that diversity practices tend to concentrate on the needs of specific social groups rather than on the needs of teams or the organization as a whole.<sup>1</sup> I believe that this narrow focus is one important reason why diversity management practices do not consistently enable organizations to improve their performance. When organizations highlight the importance of improving the positions of people who belong to specific social groups, such as women or racial minorities, this framing increases the salience of the individuals' social category. The increased salience, in turn, catalyzes social categorization processes that can have detrimental effects in teams that are diverse.<sup>2</sup>

For instance, emphasizing differences between social groups, such as by providing additional managerial training for women but not for men, might lead to several negative consequences for the beneficiaries of that practice. Employees might interpret the practice as a signal that the beneficiaries lack competence and thus need help to succeed, that the beneficiaries will be more likely to succeed because the practice will override fair decisionmaking, or both.<sup>3</sup> Such signals, in turn, may result in decreased performance by the beneficiaries because of decreased confidence in their own abilities<sup>4</sup> as well as increased stereotyping by nonbeneficiaries.<sup>3</sup> In contrast, when a diversity policy is framed as serving the collective interest, both beneficiaries and nonbeneficiaries are much more likely to respond to the policy favorably.<sup>5</sup>

With such findings in mind, I advise policymakers to not only heed the diversity management advice of van Knippenberg and his coauthors but to also ensure that organizational communications relating to diversity are inclusive and focused on the benefits to teams or the larger organization. Adopting this approach would give policymakers a chance to reduce resistance to and improve the results of diversity practices—including existing practices that may be targeted to individual social groups.

Communicating that everyone's contribution is valued may seem like a straightforward way to

support such action. Yet mouthing words will not be enough, which brings me to my second recommendation: Communicate about diversity skillfully to be credible. Employees are very attuned to signals indicating the extent to which their organization cares for them. To convince employees that the organization wants to establish conditions that will increase diversity and its benefits, communications should truthfully convey that top management has deep knowledge about and genuinely sees value in diversity. A lack of either element can lead employees to question the authenticity of the intentions behind diversity practices. Perceptions of inauthenticity are likely to be greatest when top management's communications around diversity display both a lack of knowledge and a lack of evidence that diversity is valued.<sup>6–8</sup> Organizations that lack knowledge but value diversity can mitigate perceptions of inauthenticity if they are apologetic about their lack of knowledge.<sup>6</sup>

Perceived inauthenticity will result in negative evaluations of diversity practices by both beneficiaries and nonbeneficiaries—with beneficiaries interpreting the organization's efforts as mere window dressing that produces no real change and with nonbeneficiaries perceiving change but thinking of it as unfair or lacking a meaningful rationale. Although these groups differ in their expectations of change, both groups are likely to anticipate no gain from diversity practices and to be resistant to them.<sup>9–12</sup>

Van Knippenberg and his colleagues suggest that the authenticity of diversity practices can be signaled by increasing the alignment between what is espoused and what is enacted (such as by positioning team leaders as role models and as implementers of team-directed diversity management). This is an excellent suggestion to combat the problem of misalignment at the level of implementation. Yet often the implementers are not the problem and are strongly committed to diversity. Think, for instance, of the diversity committee that organizes a monthly LGBTQI+ lunch or of the department head who actively tries to hire more women. Rather, misalignment between espoused and enacted practices often originates from top management's lack

of commitment to diversity or from ineffective communication of their commitment. In sum, to gain employees' commitment to diversity practices, top managers need to emphasize team- and organization-wide—rather than individual—benefits from diversity and, critically, must authentically communicate their own

commitment by demonstrating knowledge about diversity and belief in its value.

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