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.

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.”

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. 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. 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.

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.

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.” The regulations required affirmative action programs to compare the composition of a contractor’s workforce to the makeup of available labor pools. 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 attention.

**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 management can help shape these approaches.
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. 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. 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. 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.

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. 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
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. 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. 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.

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 achieve higher rank, and people of color were more represented in management. 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, 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%. 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. 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. 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. 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. 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. 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.

| Representation of minorities amongst low- and midlevel officials and managers | 2% |
| Combined representation of women and minorities amongst executive and senior-level officials and managers | 1% |
| Increase in management diversity from targeted recruiting practices for women and minorities | 2% - 18% |
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. And a meta-analysis of approximately 258 studies reveals that changes achieved in attitudes and behaviors are susceptible to decay after training has ended. 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 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. 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. 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. 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. In another study, the combination of appraisals and bonuses linked to diversity goals increased the representation of Asian Americans in management. 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.

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
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%. Diversity managers have also increased the likelihood of Hispanic and Asian women reaching management positions. 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.

Recent research also suggests that the effects of organizational accountability are improved by transparency about how hiring and promotion decisions 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. 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, 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. 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.”

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.”

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