survive and thrive

winning against strategic threats to your business

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the challenge of gender diversity

Sarah Kaplan

In June 2001, Betty Dukes, a Walmart worker in California, filed a class-action lawsuit claiming sex discrimination on behalf of 1.6 million women currently or previously employed at Walmart. The potential liability for the giant retailer was considerable: more than $1 billion.[1] Over the next decade, the company found itself fighting all the way through to the US Supreme Court, which eventually ruled in 2011 in the retailer's favor. Still, Walmart suffered substantial hits to its bottom line as well as to its reputation. The estimated total legal costs of the lawsuit and related gender-discrimination settlements—which continue to this day in various class actions at the state level—exceed several hundred million dollars. The cost to the company's brand is hard to calculate, but by the mid-2000s, when media and activist attention were at their height, Walmart's public favorability rating was falling; the number-one reason was "bad labor practices, not good to employees."[2]

Walmart was hardly alone in its struggles with gender equality. In the fall of 2014, Microsoft CEO Satya Nadella was at a conference celebrating women in computing when he advised women to "trust in karma" when hoping for a raise. This set off an Internet firestorm in which both he and Microsoft were criticized for their poor record on attracting, retaining, and promoting women. Indeed, just a week earlier, Microsoft had published data indicating that its global female workforce stood at only 29 percent overall, with much of that in the retail segment, only 17 percent in technology jobs, and just 17 percent in leadership roles. The backlash in social media prompted swift apologies from Nadella, both to the public and to his more than 100,000 employees. Less than a year later, though, Microsoft was hit with its own class-action lawsuit brought by Katie Moussouris on behalf of female technical employees who claimed that the company's systems for evaluation led to discriminatory outcomes. Recent similar lawsuits have buffeted the world of technology, from Ellen Pao's well-publicized suit against Kleiner Perkins Caufield & Byers, to legal actions taken against Facebook and Twitter.

Whether in retail, high tech, or another industry, companies are vulnerable to attack if their actions, intended or not, lead to discriminatory processes and outcomes. These attacks can be quite detrimental to an organization's objectives, from the direct legal costs, to the impact on brand and reputation, to the inability to attract and retain the best talent. And on the flip side, there's mounting evidence that gender diversity is associated with positive outcomes such as increased innovation, risk mitigation, and improved financial performance.

Most companies are aware of these issues and recognize that even beyond the business case, gender diversity is an important objective in its own right, yet even in 2017, organizations have struggled to make progress. In fact, many efforts have not only failed to improve gender diversity but have sometimes backfired, leading to stagnation or negative outcomes. In this chapter, I outline the underlying reasons that discriminatory outcomes occur even with the best of intentions. I then examine the paradoxes associated with many efforts to effect change, and I outline some of the more promising solutions suggested by the research.

a stubborn problem

If so many companies are well-intentioned in their efforts, why has the gender gap been so difficult to close? There are three reasons.

First, it's important to recognize that gender is a primary frame through which we all see the world. Whether or not we personally endorse particular stereotypes about male and female behavior or characteristics, these frames will still influence our actions. According to sociologists, this is because we need these common cultural beliefs in order to coordinate our actions. For psychologists, these are unconscious biases built into our thinking from the time we enter the social world.[3] For most of us (men and women alike), our attitudes and responses are shaped instantaneously by these frames. In other words, we are on autopilot.

Second, gender shapes how we value and evaluate women's contributions, and in many contexts, gender has become a status marker devaluing that which is female. Research has shown time and again that simply adding in a marker for the female gender can lead to lower valuations and evaluations, whether in placing investments or in hiring and promotion decisions. Specifically, equal business plans get half the money if the pitch is narrated by a woman. Equivalent résumés get fewer callbacks if the name at the top is female. Indeed, in many male-dominated contexts such as business and finance, feminization can actually be used as a weapon against men who transgress or upset the social order.[4]

Third, gendered frames are embedded in a socially complex system, such that these biases are built into all of the ways we do business. What appears to be neutral can in fact be gendered. We think, for example, that the pitch process for picking investments in new ventures is meritocratic, with the best ideas receiving the most funding. But if pitching is seen as a typically male activity, then men are likely to be seen as inherently more successful at doing it. And, women, even (or especially) if they "pitch like a man," may still be seen as less competent. Or consider the recent class-action lawsuit against Microsoft, which focuses on the "stacking" process for ranking employees. Unfortunately, such forced ranking procedures may conflate self-confidence with competence and, because men are socialized to act more self-confidently (whether they actually are more self-confident is a different matter), they are likely to get ranked higher in the stack.

For the above three reasons, companies have found it difficult to make progress in gender equality. In the 1970s and 1980s, both North America and Europe saw considerable advances in achieving workplace equality for women, but progress has since stagnated. The lowest-hanging fruits—such as ensuring that women could have their own checking accounts or eliminating the distinction between "jobs for women" and "jobs for men" in the help-wanted ads—have already been harvested. What's left is the tough work of rooting out the effects of gendered frames in the systems in which we operate.

slow progress

A major reason progress has been slow is the unintended consequences of the recommendations that people have made and the policies that organizations have implemented. Let's start with "leaning in." Sheryl Sandberg's bestselling book *Lean In* has helped focus the conversation around gender in the workplace. Its primary advice is for women to lean in: ask for raises, put themselves up for promotions, seek out job opportunities, and so on. These recommendations emerge from research showing that "women don't ask."[5] Said differently, women are socialized not to ask. Although the message to lean in has resonated with many women who have felt disempowered in the workplace, the challenge with this recommendation is that it focuses on asking women to *buck* the system rather than targeting how companies could *change* the system. This can be problematic because the system is designed to push back. Remember that gender is a primary frame and that we are socialized to see women as pushy or strident when they make requests that would seem reasonable coming from men. Research has shown that when women do not conform to gender expectations, they pay a penalty. They are accused of having "sharp elbows" or are subject to sexual harassment. Perhaps this is why Satya Nadella, the Microsoft CEO, recommended that women place their trust in karma for raises. He must have at least suspected how fraught "leaning in" can be.[6]

An obvious recommendation, then, is for companies to help people become aware of their unconscious biases to safeguard against them. This solution has become very popular in top corporations, with massive investments in unconscious bias training. More than 17 million people have taken Harvard's Implicit Association Test, and the results show that three-fourths of us have at least some unconscious association of men with careers and women with family life. It would seem like a positive step to help people become aware of these frames through which they see the world.

What could be wrong with such an initiative? Research has shown that, unaccompanied by other, more substantive, measures, diversity training (including unconscious bias testing) is mainly ineffective. Some studies have even found a negative backlash because people often have adverse reactions to this type of training. Even trickier, diversity training has become a catchall for every kind of difference in an organization, from background to race and ethnicity, to gender, to education, and to functional experience. Again, on its face, that might not seem problematic, but research suggests that focusing on such a broad set of diversity characteristics means that diversity training may actually draw attention *away* from gender.[7]

Firms can also try to shape individual action through compelling statements about the importance of diversity to their organizations. These statements are meant to signal both internally and externally that diversity is a priority in the organization's efforts to attract, retain, and promote people. The hope is that these statements will create a set of norms that will shape the actions of employees.

Research suggests, however, that what companies say and what they do are often decoupled. One reason is that the mere presence of a diversity statement may lead people in positions of privilege to lower their guard against bias. That is, when people believe they are working in a meritocratic environment, they will be less likely to consider whether they, themselves, might be making biased decisions. Further, under these conditions, those in privilege (whites and men) tend to have harsher reactions to claims of discrimination. The claims may even feel outrageous to those who believe they are operating in a gender- or race-blind meritocracy.

On the other side, people who might benefit from policies promoting diversity can take diversity statements as a signal that they do not need to have their guard up either. For example, although many people of color "whiten" their résumés when applying for jobs, they tend to do it less when the employer has a powerful diversity statement. If firms do not practice what they preach, these applicants will, ironically, experience more discrimination from a firm with a diversity statement than from a firm without one. Applicants don't whiten their résumés so biased employers are therefore more likely to discriminate against them.[8]

So, if solutions focusing on individuals are not particularly effective, what about solutions that address the system directly? There are two classes of interventions: those that use affirmative action to give greater consideration to disadvantaged groups, and those that focus on making management systems and structures more truly "objective" to curb the effects of biases without giving any social groups what can be perceived as special advantages. Each has its limitations.

Affirmative-action programs have been a primary and often useful structural solution to bias. The goal of such initiatives (also known as employment-equity programs) is to create a level playing field for women and other protected classes through procedures designed to eliminate unlawful discrimination. But here too, the implementation of such approaches has been troubled when not framed correctly. Affirmative-action approaches may be useful in uncovering implicit biases in evaluation criteria and in encouraging more creative approaches to attracting and retaining talent, but research has shown that those in positions of privilege (men when it comes to gender, and whites when it comes to race) tend to dislike these programs because they interpret the programs as threats. This has led, in the United States especially, to many high-profile legal challenges to good-faith efforts to achieve diversity.

On the other side of the equation, women who benefit (or are seen to benefit) from such programs can suffer from workplace stigma. The logic goes something like this: The women must not be as good as their male counterparts, because they got their jobs only because they are female—especially if these women were recruited based on quota and not on merit.[9] These effects are based on perceptions, but, evidence suggests, not on reality. For example, a study of political quota systems in Sweden shows that quotas actually increased the average quality of everyone—men and women—in the talent pool (in part by weeding out mediocre men who had previously benefited from the bias against women in the system).[10]

Other solutions that have sought to limit managerial discretion in hiring and promotion—the use of job tests for selecting employees, strict interview guidelines for questioning job candidates, performance evaluations for identifying employees to promote, and grievance procedures for stopping discriminatory managers—can also be subject to backlash. These kinds of more "data driven" and procedural approaches are seen to be important solutions to discriminatory outcomes. Indeed, grievance systems are recommended as a remediation in more than one-third of discrimination lawsuit settlements, yet when organizational policies and procedures are seen as infringing on job autonomy, managers are more likely to resist their implementation and will even sabotage the results.[11]

what to do

So, what does this mean for Walmart or Microsoft or any company that would like to make progress on gender equality? It seems that every well-meaning intervention, on either the individual or organizational level, is fraught with pitfalls.

Let's start with a caveat: There are no silver bullets. When sociologist Bill Bielby served as an expert witness on the side of the claimants in the Dukes v. Walmart case and the American Sociological Association subsequently filed an *amicus* brief with the US Supreme Court in support of the use of sociological research as valid evidence, a controversial debate ensued: Did scholars really know what policies and practices would reduce bias? The answer, as can be seen from the evidence on pitfalls above, is a partial "no."[12] That is, there's no "one size fits all" solution, because organizational context and culture matter. Further, each country or locality may have different legal constraints on action. What is possible in Canada regarding affirmative action (employment equity) may no longer be possible in the United States because of a series of recent court cases constraining these types of policies.

Moreover, even if some policies do seem, on average, to have positive effects, we also have to recognize that those same policies can have unintended consequences *unless* they are actively monitored and managed. It's not that women should refrain from leaning in; it's also that management should recognize that the system needs to be changed so that leaning in doesn't lead to retribution. It's not that firms should eschew diversity training; it's also that without complementary organizational changes, such training could be detrimental. And it's not that firms should avoid proclaiming that diversity is valued in their organizations; it's also that these statements should be matched with real actions.

Those caveats notwithstanding, recent research suggests that the following actions can have positive effects on increasing gender equity in organizations.[13]

1. **Ensure networking, mentorship, and sponsorship.** Networks are an important source of social capital. People get jobs and promotions in part because of their formal and informal connections. Mentorships can also help build social capital by giving women or other minorities access to guidance that they may not have otherwise received because of their weaker networks. Even more powerfully, sponsorships can get women and minorities considered for jobs, projects, and promotions. Many firms have developed "employee resource groups" around gender, ethnicity, and other categories. These are aimed at creating the powerful networks, mentorships, and sponsorships that are valuable in career development. The latest research suggests that these groups are not the solution to inequity but that they do have modestly positive effects on reducing discrimination and creating opportunity.[14]

2. **Engage managers in promoting diversity.** Although managers tend to resist constraints on their autonomy, they are much more likely to be supportive of special recruitment and training programs. Often known as "soft" affirmative action, efforts to encourage women to apply to certain programs or to receive training in specific skills

tend to be viewed more favorably by those in privileged positions. In addition, research suggests that engaging men in such efforts will make them more likely to support diversity. One reason is cognitive dissonance: When someone becomes involved in these programs, it becomes difficult for that individual to simultaneously believe that the programs are not useful. Another reason is knowledge: Being involved in programs helps men understand the dynamics at play that lead to women being at a disadvantage. These initiatives work particularly well if they are positioned not as giving women (or minorities) special advantages but rather as correctives to privileges that men (or whites) have.

3. Increase transparency for job seekers and managers. Transparency has two positive effects. First, it provides those seeking jobs or promotions with more information about opportunities. In the Walmart class-action suit, one of the claims focused on the lack of transparency in job postings such that women reportedly didn't even know to apply and therefore would not be considered for promotions. When job postings are made available to all, it becomes less likely that the privileged networks of those in leadership will be the only sources of potential workers to fill positions. Second, transparency makes managers accountable for their actions. When people know they are being measured or monitored for their choices, they tend to work actively to control their own biases, whether conscious or unconscious. Transparency also opens up the possibility for discussion around why progress is or is not being made.

4. **Monitor results.** Research has shown that most reforms work better with monitoring, which can come in many forms. Within firms, the creation of a high-level role of diversity manager can increase compliance and improve progress because there's now a person with clear authority to track results. Studies have also shown that companies subject to regulations because they are government contractors also do better because the government monitors their diversity performance. Similarly, pressure from the public can lead to greater compliance. The recent push for technology firms such as Google, Facebook, and Microsoft to publish their statistics on gender, race, and employment incentivizes them to do better. Once it is known that only 17 percent of women are in leadership roles (as at Microsoft), the company will feel pressure to report better results in subsequent years. In each case, monitoring acts as a catalyst. Studies have shown that even when certain policies might limit managerial discretion and thus be subject to resistance by managers, these policies might still have a positive outcome *if* they are accompanied by some form of monitoring.[15]

Thus far, this chapter on gender equality hasn't mentioned maternity and paternity leave. Recently, there's been a great deal of attention focused on improving access to paid maternity leave in places like the United States (the only developed country to not have guaranteed paid leave of any kind) and on increasing the availability and use of paternity leave. Recognizing the biological reality that women are the ones who bear children and are most physically involved in childcare in the earliest days (through breastfeeding), it's clear that work policies need to accommodate this reality, through both adequate maternity leave and access to appropriate facilities for pumping milk when back at work. The challenge, of course, is that such accommodations become highly gendered and therefore associated with lower status. This means that because of the status implications, men are less likely to take advantage of any policies that would allow them to take a leave. A solution proposed by many is to ensure that men also have real access to paternity or family-leave accommodations and perhaps make it a requirement (as has been done in Sweden, where the mother cannot take the extra days reserved for the father) so that the status implications are lessened.

There's no doubt that family-leave policies and other efforts to take into account people's responsibilities outside their jobs are crucial foundations for achieving gender equity at work. Sweden ranks at the top of gender equity in the world, so these policies, though not silver bullets, do help. We know, however, that this is not the full solution. Even in Sweden, the gender pay gap of 14 percent is close to the Organisation for Economic Co-operation and Development (OECD) average of 15 percent, and it's even larger among parents (21 percent). Further, in Sweden, only 10 percent of CEO positions of the top 1,000 companies are held by women and only 24 percent of board members are women.[16] This demonstrates the perniciousness of gender as a primary frame: Even in contexts that for years have had family-friendly policies in place for women *and* men, discriminatory outcomes persist.

This is where the four recommendations come into play. Without active policies for promoting sponsorship, engaging managers in diversity objectives, increasing transparency, and monitoring results, we are unlikely to achieve much change. Knowledge of the pitfalls should not be used as an excuse for inaction. Instead, awareness of the potential unintended consequences can help any organization innovate in developing an approach that is tailored to its own culture and context, resulting in true progress toward greater gender equality.

endnotes

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