

Corporate diversity programs: What firms do and what works

Frank Dobbin, Daniel Schrage
Harvard University

Alexandra Kalev
University of Arizona

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The Future of Low Wage
Work in Metropolitan
America

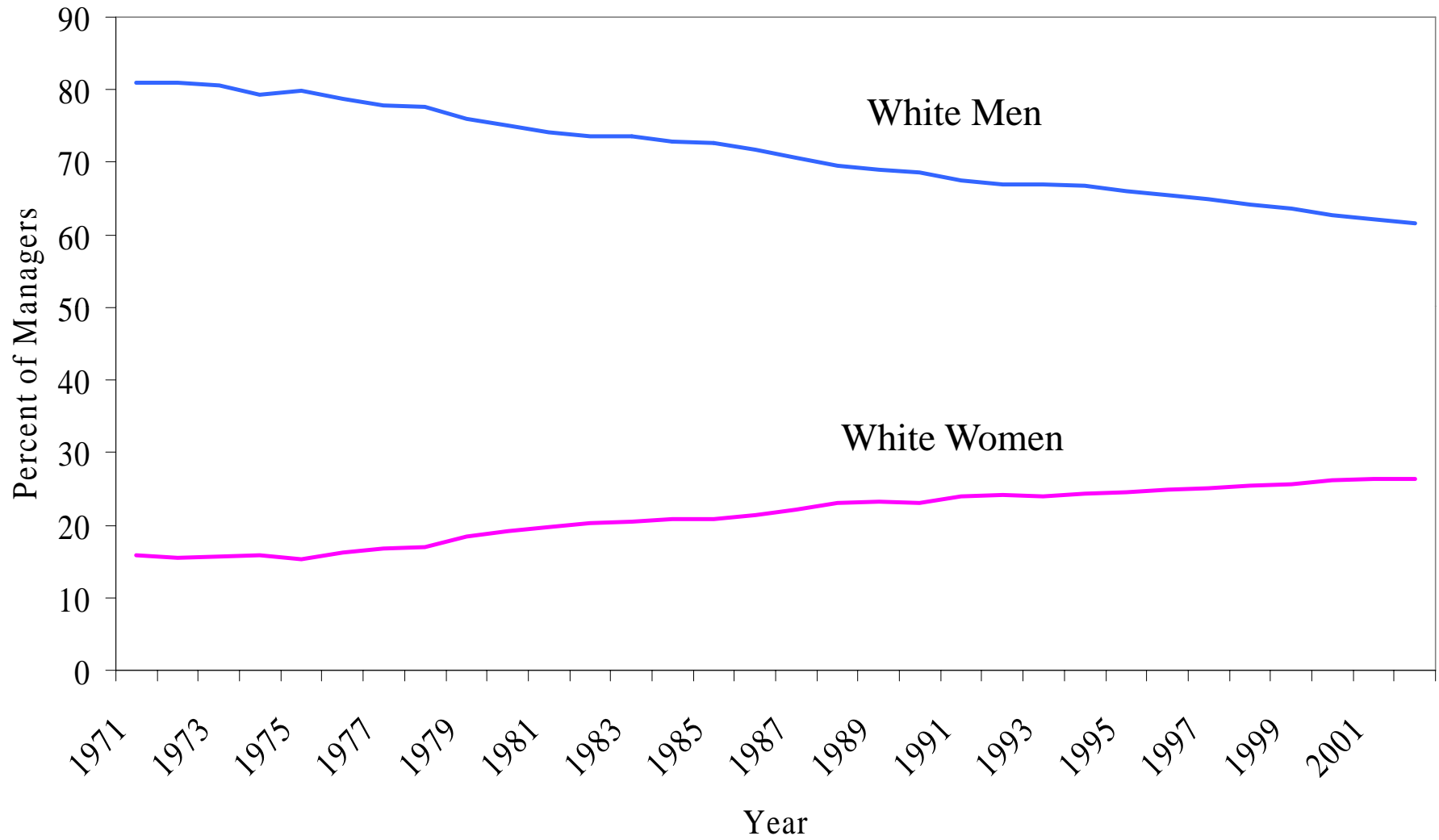
Employment Innovations

- Rules
 - Hiring and Firing Guidelines
- Internal Labor Market Procedures
 - Job Posting System
- Substantive Innovations
 - Recruitment Program

Three Kinds of Results

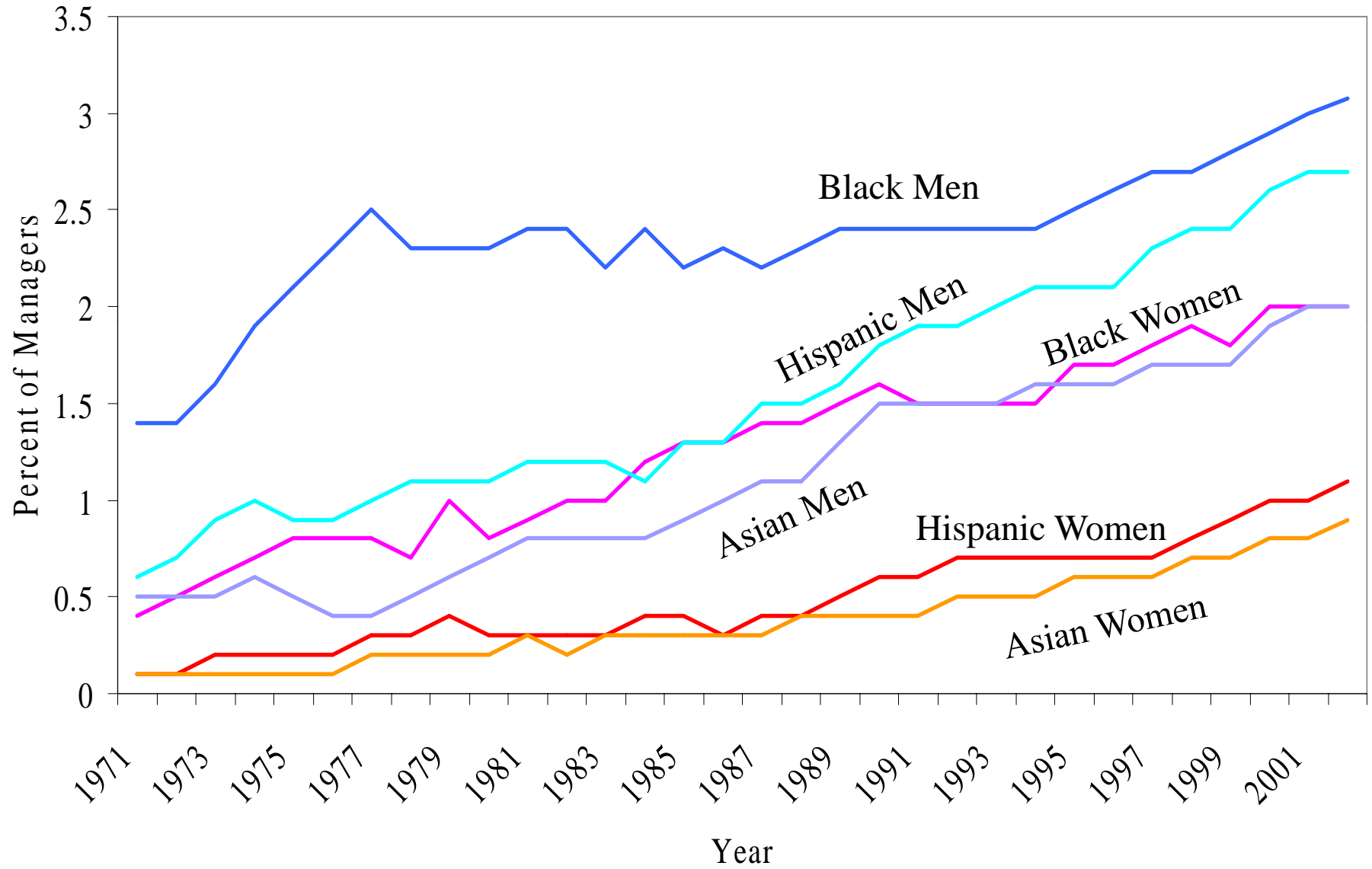
- **Intended Consequences** Substantive Innovations
 - Increased Diversity
- **Decoupling** Rule-Based Innovations
 - No Change in Diversity
- **Unintended Consequences** Procedural Innovations
 - Decreased Diversity

White Men and Women in Management

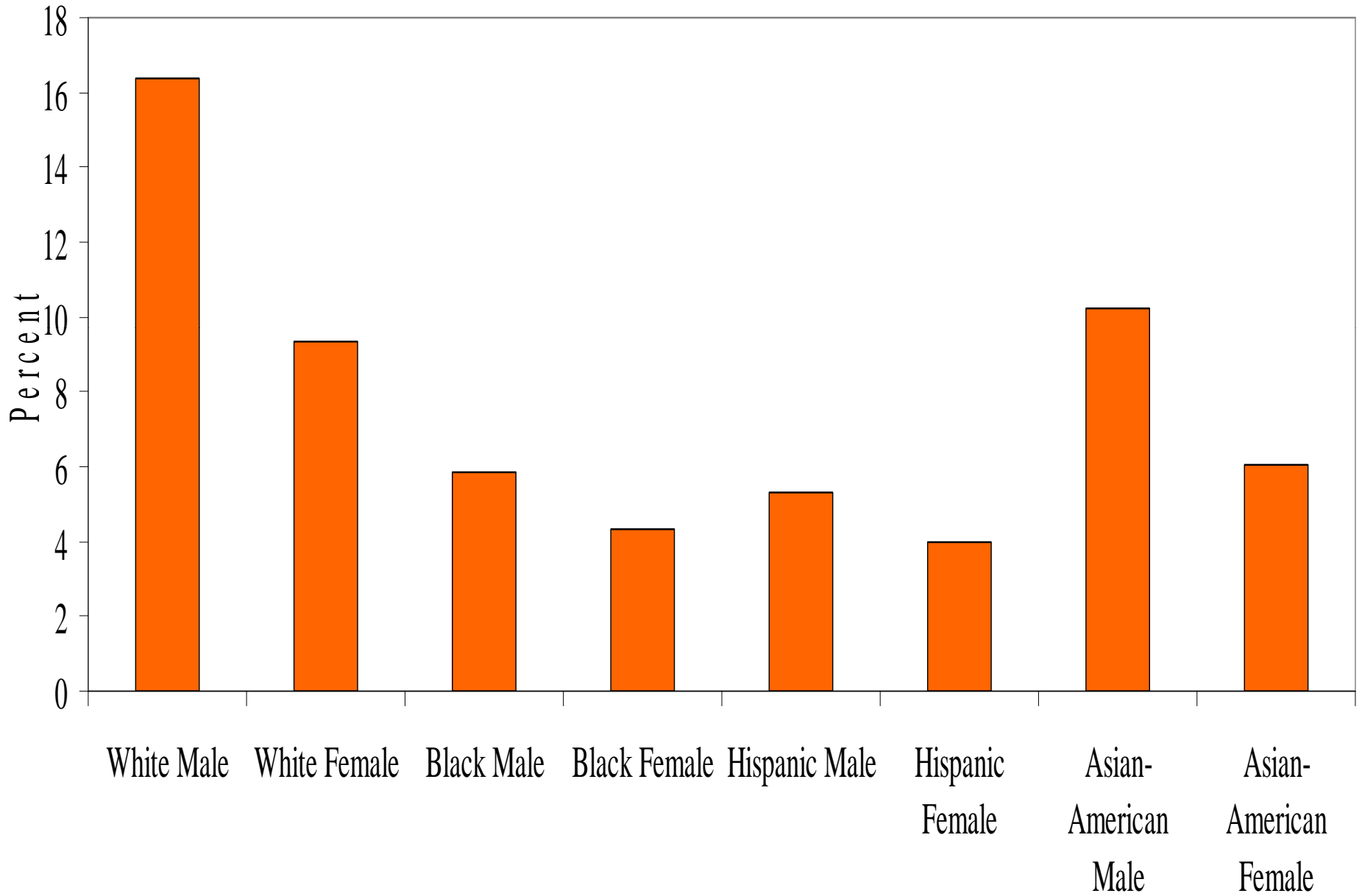


National Sample of 829 Firms

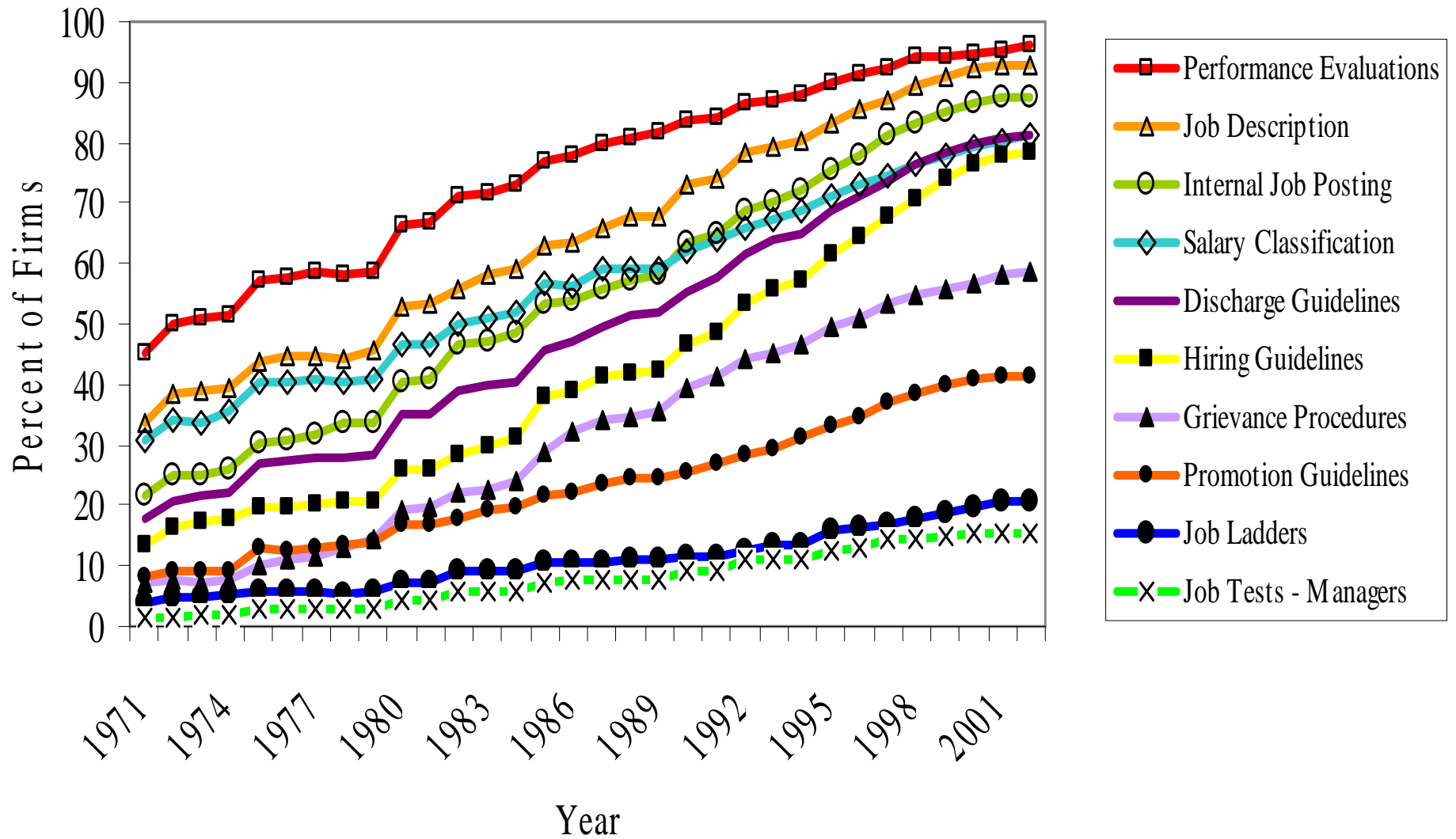
Minority Men and Women in Management



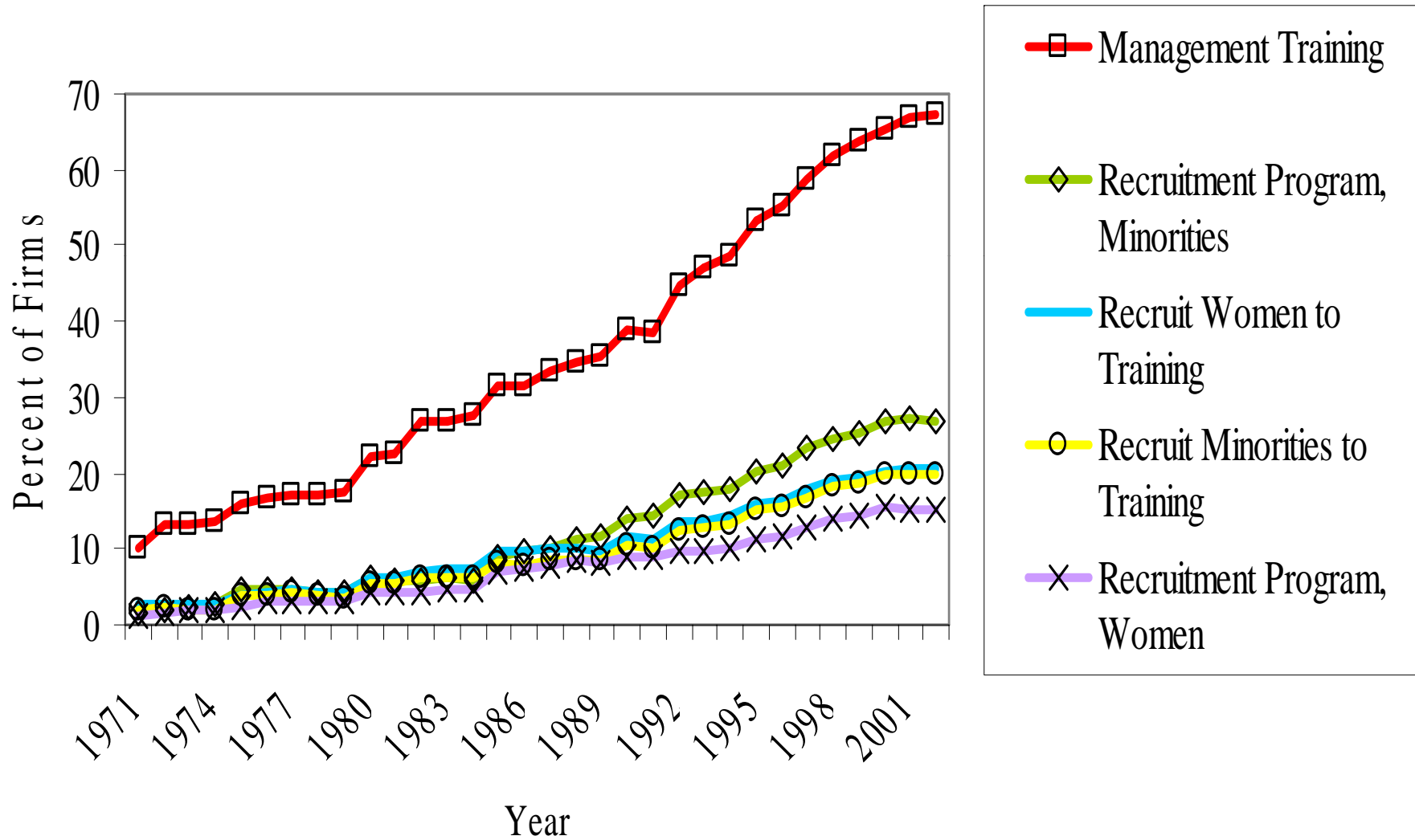
Percent of Group Members Who are Managers, 2002



Personnel Guidelines and Procedures



Recruitment and Management Training



Method

- Fixed Effects for Workplace and Year
- Seemingly Unrelated Regression (correcting for correlated error terms)
- Robust to Cochrane-Orcutt Correction for Serial Correlation & Difference-in-differences Specification.
- Modeling log odds of Proportion of Group in Mgt. (logged to predict growth at low end of range)
 - Log odds (G)=Log (Pgi/1-Pgi), where Pgi is the proportion of a focal group in management.
- Controls for Everything
- **Effect of New Policy on Each Group**

Rule Based Innovations

| | White Men | White Women | Black Men | Black Women | Hispanic Men | Hispanic Women | Asian Men | Asian Women |
|----------------------|--------------|----------------|--------------|----------------|-----------------|-------------------|--------------|----------------|
| Hiring Guidelines | -0.039 * | 0.038 * | -0.009 | -0.049 *** | 0.016 | -0.036 | 0.014 | -0.014 |
| | (0.017) | (0.017) | (0.016) | (0.014) | (0.024) | (0.021) | (0.023) | (0.020) |
| Promotion Guidelines | 0.060 ** | -0.031 | -0.015 | 0.000 | 0.013 | 0.046 | -0.027 | -0.020 |
| | (0.021) | (0.021) | (0.019) | (0.017) | (0.029) | (0.026) | (0.029) | (0.024) |
| Discharge Guidelines | 0.069 *** | -0.022 | -0.027 | 0.011 | 0.004 | -0.024 | -0.012 | -0.011 |
| | (0.018) | (0.018) | (0.016) | (0.015) | (0.025) | (0.022) | (0.024) | (0.021) |

Substantive Innovations

| | White Men | White Women | Black Men | Black Women | Hispanic Men | Hispanic Women | Asian Men | Asian Women |
|--|-----------------------|----------------------|----------------------|----------------------|-------------------|--------------------|----------------------|--------------------|
| Recruitment Program for Women | -0.079 ** (0.028) | 0.148 *** (0.029) | 0.089 *** (0.026) | 0.088 *** (0.024) | 0.051 (0.040) | 0.081 * (0.035) | 0.166 *** (0.039) | 0.082 * (0.033) |
| Recruitment Program for Minorities | -0.047 * (0.023) | 0.026 (0.023) | 0.103 *** (0.021) | 0.098 *** (0.019) | -0.013 (0.032) | 0.020 (0.028) | 0.001 (0.031) | 0.032 (0.027) |
| Management Training | -0.012 (0.015) | 0.054 *** (0.016) | 0.023 (0.014) | 0.000 (0.013) | 0.009 (0.022) | 0.020 (0.019) | 0.030 (0.021) | -0.013 (0.018) |
| Recruit Women to Mgt. Training | -0.129 *** (0.036) | 0.133 *** (0.037) | -0.043 (0.033) | 0.038 (0.031) | 0.003 (0.052) | 0.034 (0.045) | 0.148 ** (0.050) | -0.042 (0.043) |
| Recruit Minorities to Mgt. Training | 0.009 (0.037) | 0.000 (0.038) | -0.049 (0.034) | 0.040 (0.032) | 0.045 (0.053) | -0.066 (0.047) | -0.099 (0.052) | 0.037 (0.044) |

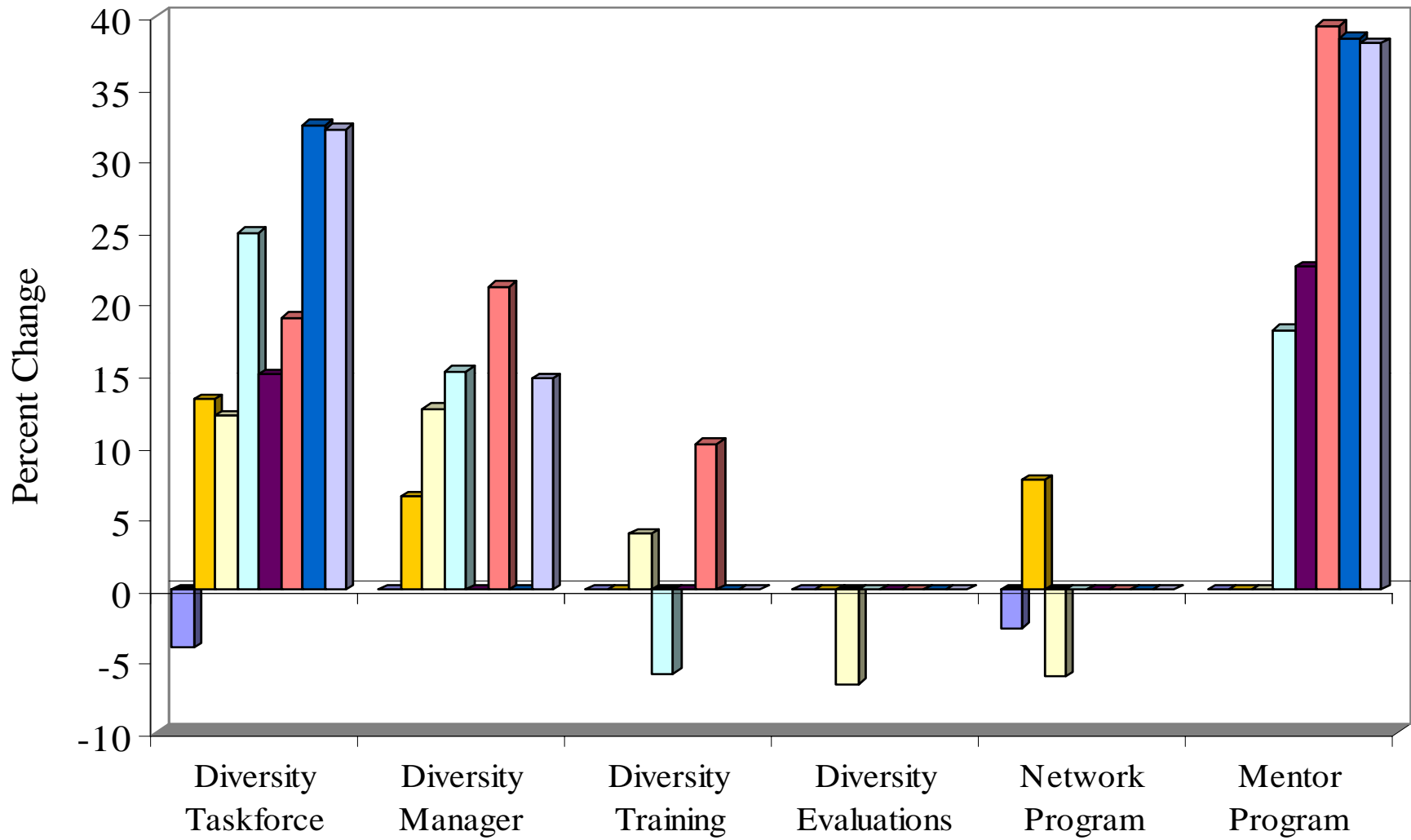
Procedural Innovations

| | White Men | White Women | Black Men | Black Women | Hispanic Men | Hispanic Women | Asian Men | Asian Women |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Job Tests for Managers | 0.038 (0.031) | -0.127 *** (0.032) | -0.151 *** (0.029) | -0.149 *** (0.026) | -0.154 *** (0.044) | -0.186 *** (0.039) | -0.114 ** (0.043) | -0.121 ** (0.037) |
| * Federal Contract | -0.145 ** (0.048) | 0.265 *** (0.049) | 0.109 * (0.044) | 0.182 *** (0.040) | 0.267 *** (0.068) | 0.251 *** (0.060) | 0.221 *** (0.066) | 0.114 * (0.056) |
| Job Ladders | -0.130 *** (0.035) | 0.076 * (0.036) | 0.046 (0.032) | 0.013 (0.030) | -0.021 (0.050) | -0.103 * (0.044) | -0.096 * (0.049) | -0.010 (0.041) |
| * Federal Contract | 0.025 (0.042) | -0.076 (0.043) | 0.086 * (0.039) | 0.012 (0.035) | 0.064 (0.059) | 0.156 ** (0.052) | 0.264 *** (0.058) | 0.123 * (0.049) |
| Performance Evaluations | 0.082 *** (0.023) | -0.116 *** (0.023) | -0.012 (0.021) | 0.019 (0.019) | -0.042 (0.032) | 0.002 (0.029) | 0.021 (0.032) | 0.024 (0.027) |
| * Federal Contract | -0.126 *** (0.031) | 0.108 *** (0.032) | 0.046 (0.028) | -0.052 * (0.026) | 0.012 (0.044) | -0.044 (0.039) | -0.052 (0.043) | -0.110 ** (0.036) |
| Job Posting | 0.011 (0.020) | 0.054 ** (0.021) | -0.037 * (0.019) | -0.039 * (0.017) | 0.005 (0.029) | 0.040 (0.025) | -0.026 (0.028) | -0.019 (0.024) |
| * Federal Contract | -0.055 * (0.028) | 0.010 (0.028) | 0.071 ** (0.025) | 0.109 *** (0.023) | 0.012 (0.039) | 0.072 * (0.034) | 0.017 (0.038) | 0.009 (0.032) |
| Grievance Procedure | 0.008 (0.021) | -0.056 ** (0.022) | -0.080 *** (0.019) | -0.044 * (0.018) | -0.079 ** (0.030) | -0.076 ** (0.026) | -0.122 *** (0.029) | -0.009 (0.025) |
| * Federal Contract | -0.025 (0.028) | 0.063 * (0.029) | 0.024 (0.026) | 0.013 (0.024) | 0.085 * (0.040) | 0.081 * (0.035) | 0.022 (0.039) | -0.056 (0.033) |

Conclusions

- Guidelines Most Easily Decoupled – They Don't Change Routines
- Recruitment and Training Most Likely to Work – But Least Common
- Formal Internal Labor Market Procedures Most Likely to Backfire – They Change Routines But Emphasize Rules Over Substance
 - Regulation Protects Against That

Program Effects on Management Diversity



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