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Introduction to a Special Issue on Inequality in the Workplace (“What Works?”)

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Introduction to a Special Issue on Inequality in the Workplace (“What Works?)

Abstract
[Excerpt] While overt expressions of racial and gender bias in U.S. workplaces have declined markedly since the passage of the original Civil Rights Act and the creation of the Equal Employment Opportunity Commission a half century ago (Eagly and Chaiken 1993; Schuman, Steeh, Bobo, and Krysan 1997; Dobbin 2009), a steady stream of research indicates that powerful, if more covert forms of bias persist in contemporary workplaces (Greenwald and Banaji 1995; Pager, Western, and Bonikowski 2009; England 2010; Heilman 2012). In line with this research, high rates of individual and class-based lawsuits alleging racial and gender discrimination suggest that many employees perceive workplace discrimination to be an important, continuing employment problem (Hirsh 2009).

Hence, to ensure workplace equity, prevent legal claims of discrimination, and/or rectify past and potential problems of bias, employers have implemented a growing array of organizational policies and practices aimed at reducing discrimination and increasing inclusion. Sometimes these efforts are voluntary; other times they are driven by specific mandates assigned to firms by courts as part of verdicts or settlements in cases involving charges of discrimination. Given the millions of dollars spent on making and monitoring such changes, surprisingly little evidence exists on the efficacy of various policies and practices adopted by organizations to address the problems and to capture the benefits of having a demographically diverse workforce. And even less evidence is available on the conditions that may moderate the impact of these policies and practices.

Within the past decade, however, a limited but increasing body of research has focused on gauging how different practices associated with the label “diversity management” actually affect outcomes for women and minorities in organizations. The aim of this special issue is to bring together contemporary research that builds on this foundation in order to extend our understanding of the current variety of organizational arrangements that are intended to reduce bias and to promote more inclusive workplaces

Keywords
workplace inequality, race, gender, discrimination, bias, diversity, inclusivity

Disciplines
Gender and Sexuality | Human Resources Management | Inequality and Stratification | Labor Relations | Organizational Behavior and Theory | Organization Development | Other Sociology | Race and Ethnicity | Work, Economy and Organizations

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EDITORIAL ESSAY: INTRODUCTION TO A SPECIAL ISSUE ON INEQUALITY IN THE WORKPLACE
(“WHAT WORKS?”)
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While overt expressions of racial and gender bias in U.S. workplaces have declined markedly since the passage of the original Civil Rights Act and the creation of the Equal Employment Opportunity Commission a half century ago (Eagly and Chaiken 1993; Schuman, Steeh, Bobo, and Krysan 1997; Dobbin 2009), a steady stream of research indicates that powerful, if more covert forms of bias persist in contemporary workplaces (Greenwald and Banaji 1995; Pager, Western, and Bonikowski 2009; England 2010; Heilman 2012). In line with this research, high rates of individual and class-based lawsuits alleging racial and gender discrimination suggest that many employees perceive workplace discrimination to be an important, continuing employment problem (Hirsh 2009).

Hence, to ensure workplace equity, prevent legal claims of discrimination, and/or rectify past and potential problems of bias, employers have implemented a growing array of organizational policies and practices aimed at reducing discrimination and increasing inclusion. Sometimes these efforts are voluntary; other times they are driven by specific mandates assigned to firms by courts as part of verdicts or settlements in cases involving charges of discrimination. Given the millions of dollars spent on making and monitoring such changes, surprisingly little evidence exists on the efficacy of various policies and practices adopted by organizations to address the problems and to capture the benefits of having a demographically diverse workforce. And even less evidence is available on the conditions that may moderate the impact of these policies and practices.

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Within the past decade, however, a limited but increasing body of research has focused on gauging how different practices associated with the label “diversity management” actually affect outcomes for women and minorities in organizations. The aim of this special issue is to bring together contemporary research that builds on this foundation in order to extend our understanding of the current variety of organizational arrangements that are intended to reduce bias and to promote more inclusive workplaces.

To provide a larger context for the articles in this issue, we review the development of research on organizations as key sites in the production of social inequality. We also review the subsequent, relatively recent, line of work growing out of this literature, which has focused on examining specific organizational practices designed to reduce gender and racial inequities and to enhance social relations among organizational members. We then turn to some of the common themes and conclusions that we think are suggested by the collection of articles in this issue and consider the general implications for further work on this topic.

Because work organizations represent a key target for proactive efforts to address problems of social inequality, and because the high functioning of our economy rests on the benefits that can be derived from having a more diverse workforce, we think this area of research merits ongoing attention by social science scholars across disciplines. Thus, we hope this issue provides an impetus for further studies. We also hope this issue helps inform employers’ experimentation with efforts to create equitable and diverse workplaces.

**Studying Organizations and Workplace Inequality**

More than four decades ago, scholars began to acknowledge (some might say rather belatedly) the central role of organizational practices and decision making in maintaining or changing broad societal patterns of stratification (Kanter 1977; Baron and Bielby 1980; Kalleberg 1983; Baron 1984). Since then, many researchers have turned their attention to studying organizational processes—hiring, job assignment, training, performance evaluation, promotion, and compensation—from this vantage point (e.g., Pfeffer and Davis-Blake 1987; Jackson et al. 1991; England 1992; Petersen and Morgan 1995; Tolbert, Simons, Andrews, and Rhee 1995; Fernandez and Weinberg 1997; Cohen, Broschak, and Haveman 1998; Bielby and Bielby 1999; Tomaskovic-Devey and Skaggs 2002; Reskin 2003; Petersen and Saporta 2004; Beckman and Phillips 2005; Phillips 2005; Castilla 2008). For example, DiPrete and Soule (1986) showed that among federal agencies, women were significantly more likely to occupy jobs attached to relatively short job ladders than were men, thus reducing women’s chances for promotion (see also Baron, Davis-Blake, and Bielby 1986). Treating the magnitude of the wage gap between male and female faculty as an organizational characteristic, Tolbert (1986) found that colleges and universities that were
larger and wealthier had significantly larger gender disparities in faculty salaries. Similarly, in a study of the determinants of inequality among jobs in the California civil service, Baron, Mittman, and Newman (1991) showed that jobs characterized by high proportions of women and minorities were assigned lower starting salaries, particularly when the jobs were older and idiosyncratic (that is, job titles found in only one or two of the various agencies in the state system).

By identifying key aspects of organizations—size, age, and demographic composition, among others—that are related to systematic inequalities among social groups, this stream of work helped clarify and focus attention on the organizational conditions that may influence differential treatment of employees based on race and gender. Some studies in this tradition also uncovered evidence indicating a limited impact of formal arrangements created by organizations to reduce employment inequities (Baron and Newman 1990)—a result that came to be explored more fully in subsequent work.

**Studying the Effects of Organizational Efforts to Reduce Workplace Inequality**

Such results were consistent with a theoretical approach to studying organizations that gained currency among organizational sociologists beginning in the late 1970s, referred to as institutional theory, or sometimes, neo-institutional theory (Meyer and Rowan 1977; DiMaggio and Powell 1983; Tolbert and Zucker 1983). This approach underscored the need to attend to the potential decoupling of adopted formal policies and practices from their execution in day-to-day organizational activities, an insight that seemed quite novel in the scholarship of the time (Hinings and Tolbert 2008). In the context of growing interest in the role of organizations in social stratification, and in line with this framework, a number of scholars began to focus attention on both the conditions under which organizations were likely to adopt formal policies and practices aimed at mitigating the impact of social biases (e.g., Edelman 1990, 1992; Kelly and Dobbin 1998; Dobbin and Kelly 2007), as well as the actual, observable consequences of such policies and practices (e.g., Dobbin, Sutton, Meyer, and Scott 1993; Edelman and Petterson 1999; Kelly and Dobbin 1999; Kelly and Kalev 2006; Dobbin, Schrage, and Kalev 2015).

An early study by Kalev, Dobbin, and Kelly (2006) has been especially seminal in this stream of work, in part because of its scale and scope (see also Dobbin, Kalev, and Kelly 2007). Based on longitudinal data from a randomly sampled set of more than 800 U.S. work establishments with 100 employees or more (or 50, for federal contractors), the authors examined the links between the presence of seven practices that are common components of diversity management and subsequent changes in the gender and racial composition of firms’ managerial group. A key finding from this research is that assigning responsibility for diversity management to a specific committee or dedicating staff positions to this task (i.e., increasing
accountability) was one of the few practices that was consistently related to increased representation of blacks and women in managerial positions. Other common practices—such as diversity training and including diversity goals as a component of managers’ performance evaluations—appeared to have generally limited, and sometimes even negative, effects on women’s and minorities’ presence at managerial levels.

The finding of the influence of diversity committees and staff dovetails with a large body of work in social psychology that indicates bias is less likely when decision makers feel their judgment is apt to be closely scrutinized (Tetlock 1983a,b; Lerner and Tetlock 1999). Subsequent research work has supported the finding that accountability may help address the pay gap, including a recent field study by Castilla (2015) that examined merit-based pay decisions made by more than 2,600 managers for almost 9,000 employees working in a large service organization in the United States. Castilla’s analysis compares individual compensation before and after high-level management decided to implement a set of organizational procedures aimed at increasing pay accountability and pay transparency in the company’s performance-reward system. This approach included the creation of a performance reward task force responsible for monitoring/analyzing pay decisions and ensuring that only performance-related factors drove the distribution of rewards. He found that gender-, minority-, and nationality-based gaps in the distribution of performance-based bonuses that existed before the procedures were introduced were significantly reduced afterwards, as were other demographic disparities in employee promotions and terminations (see also Castilla 2008; Rissing and Castilla 2014).

Other research provides validation for the cautionary implications of the early research by Dobbin and colleagues—not all policies and practices intended to promote equity and integration in firms succeed in doing so. For example, through a series of experiments, Castilla and Benard (2010) documented what they referred to as the “paradox of meritocracy.” An organizational-level emphasis on meritocracy as a core value may, ironically, lead both male and female managers to reward male employees more favorably than equally well-performing female employees. This finding is consistent with research by Yang and Aldrich (2014) that indicated gender inequality often persists in mixed-sex leadership teams of start-up companies, despite an emphasis on merit-based guidelines in the companies’ procedures.

Along similar lines, in a series of experimental studies, Heilman showed that when women are identified as having been selected for leadership positions based wholly or even partly on gender, their leadership skills are evaluated more negatively by others, and their own self-evaluations suffer as well (Heilman, Block, and Lucas 1992; Heilman, McCullough, and Gilbert 1996; Heilman 2012). Some of Heilman’s research even suggests there is a general propensity to assume that women’s assignment to leadership positions is based on gender. In one experimental study, for example, participants evaluated women leaders significantly more negatively when they received
no information about the selection criteria than when they were explicitly
told that leader selection was based strictly on demonstrated ability
(Heilman, Block, and Lucas 1992; see also earlier work by Pugh and
Wahrman 1983).

While Heilman’s research suggested potential backlash effects of some
diversity management efforts, we still know little about when this would be
most likely to occur. Moreover, other research has provided evidence that
organizational practices adopted independently of concerns for equity and
integration may have unintended, positive consequences for these outcomes.
For example, Kalev (2009) found that U.S. companies that implemented
self-directed work teams and used cross-training to upgrade employee skills
had higher rates of representation of women and minorities in manage-
ment, compared with those companies that did not undertake such reorga-
nization. She noted that such arrangements facilitate cross-group
interaction, which is often restrained by job and department segregation,
and that this can reduce existing, latent social biases (see Allport 1954).

The Articles in This Issue

Prior research thus indicates the need for better theoretical and practical
understanding of the effects of different forms of diversity management on
workplace equity and diversity outcomes. The articles in this special issue
build on and extend the insights of this developing area of work. The arti-
cles reflect a range of methodologies, including surveys, experiments, and
the use of historical and archival data. Moreover, they cover different levels
of analysis, from individuals to organizations, and also cover a variety of
industries and markets, drawing on data from both U.S. and non-U.S. orga-
nizations. Methodological diversity aside, all share a concern for under-
standing which organizational practices improve equity and diversity in the
workplace.

Perhaps the most important, general takeaway finding from the studies
presented here is that the effects of a given organizational practice often
vary—across social groups, organizational levels, labor markets, and indus-
tries. This conclusion is consistent with evidence presented in previous stud-
ies (e.g., Kalev, Dobbin, and Kelly 2006; Kalev 2009) and earlier theoretical
arguments (McCall 2005). It is also in agreement with research suggesting
that for diversity efforts to be successful in the long run, they need to be
associated with particular organizational features (in the case of diversity
training programs, see, e.g., Rynes and Rosen 1994, 1995) and/or be tai-
lored to the particular social group’s numerical representation in the orga-
nization (see, e.g., Apfelbaum, Stephens, and Reagans 2016). Such
variation, however, has not yet been explored in depth. In this regard, some
of the key contingencies suggested in our special issue include differing
impacts by race and gender, by internal and external labor market status,
and by lower and higher hierarchical levels. We think that understanding
such contingencies has important implications for both the development of our theoretical understanding of workplace inequities and future practice.

**Differences by Race and Gender**

Two articles in this issue show that the success of particular diversity actions and policies varies across demographic groups. In “Mandating Change: The Impact of Court-Ordered Policy Changes on Managerial Diversity,” Elizabeth Hirsh and Youngjoo Cha focus on U.S. firms that adopted court-mandated policies and practices in the wake of high-profile legal cases. It is common for courts to require the implementation of specific policies in such cases, but as noted above, we have relatively little evidence about their ultimate outcomes. The authors consider many of the same policies that Dobbin and his colleagues have investigated, including diversity training, hiring and promotion plans to increase diversity, and the creation of diversity management positions.

The results corroborate some earlier research findings, but contradict others. For example, in their particular context, Hirsh and Cha find that creating offices and officers for diversity management actually have a negative impact on the representation of black and white women in management, in contrast to the results reported by Kalev, Dobbin, and Kelly (2006). This outcome suggests the importance of mandated adoption as a moderator of policy impact. A more general conclusion is that the impacts of particular policies often vary across demographic groups; this is in line with previous work.

Similarly, using data on employee promotions from a single large employer over an 11-year period, Jennifer Merluzzi and Adina Sterling, in “Lasting Effects? Referrals and Career Mobility of Demographic Groups in Organizations,” document differences by race and gender in the consequences of being hired as a result of internal referrals. They test the argument that information about new employees provided by referrals, and the enhanced access of referred employees to networks within an organization, may offset social biases that could affect their later chances of promotion. Their results indicate that being black and being female lowered individuals’ likelihood of promotion overall. Consistent with their argument, the promotion chances of blacks improved when they were hired based on internal referrals, but such referrals did not have the same disadvantage-reducing impact for women. Like Hirsh and Cha’s study, the analyses in this article underscore the importance of reconsidering one-size-fits-all solutions to addressing gender and racial inequality.

**Differences by Internal and External Labor Markets**

Referrals by current employees in an organization represent one mechanism through which external labor markets are linked to internal processes that may affect unequal outcomes in organizations. This finding is related
to another contingency suggested by articles in this issue that is relevant to efforts to reduce social inequities in organizational career and pay-setting processes: whether candidates are promoted from within or hired from the external labor market.

Three articles in this special issue address the question of whether and why employers treat internal job applicants differently from external applicants and whether these employer actions result in meaningful differences in applicant outcomes. In their study titled “Gender Sorting and the Glass Ceiling in High-Tech Firms,” Roberto Fernandez and Santiago Campero examine whether internal and external female applicants differ in the likelihood of being interviewed and receiving job offers. Although descriptive statistics suggest some variation in the likelihood of obtaining a job offer based on whether a female applicant is from within or outside of a firm, such differences disappear in multivariate analyses that control for applicants’ job and managerial experience. More striking is the general pattern of decline in the proportion of female applicants as the hierarchical level of a position increases, a pattern that is especially noticeable among external applicants. Hence, the authors recommend that employers pay attention to developing external labor pools as part of their efforts to increase the numbers of women, particularly at higher-level positions in the organization.

Cristina Quintana-Garcia and Marta Elvira likewise explore potential differences in the treatment of internal and external applicants, using contemporary data from approximately 150 U.S. high technology firms. In “The Effect of the External Labor Market on the Gender Pay Gap among Executives,” the authors show that the base pay of executives who are external hires is significantly lower than those who have advanced from within a given firm, and that this effect is particularly strong for women executives. Thus, in combination with the analyses of Fernandez and Campero, this result indicates that not only are women less likely to be in the pool of external applicants for higher-level positions, they are less likely to benefit financially when they move into such positions from the outside.

Board director is one type of high-level position that is often filled through external markets. In this context, the study by Catherine Tinsley, James Wade, Brian Main, and Charles O’Reilly, “Gender Diversity on U.S. Corporate Boards: Are We Running in Place?” draws attention to processes that affect organizations’ responses to external candidates. Based on archival data from more than 3,000 U.S. public firms over a 10-year period, their analyses indicate that firms are most likely to place women on their boards when a vacancy has been created by a woman stepping down from the board. Thus, a “gender-matching heuristic” provides one potential explanation for the limited progress that has been made in increasing the numbers of women on corporate boards. The authors follow up this initial archival data analysis with an experimental study that provides additional evidence of the role this heuristic plays in the gendered selection of individuals for boards. Their findings also support the implications of Fernandez and
Campero’s study: Increasing the representation of women in candidate pools may be an important strategy for increasing women’s representation in higher-level positions.

**Differences by Hierarchical Levels**

Three papers in this issue address the critical question of whether gender inequality varies across different levels of organizational hierarchies. The first, by Matt Huffman, Joe King, and Malte Reichelt, “Equality for Whom? Organizational Policies and the Gender Gap across the German Earnings Distribution,” draws on an annual national survey of German employers and their employees. The authors consider the effects of three broad types of policies on earnings of individuals at different points in the wage distribution: Policies aimed at attracting, promoting, and retaining women; those involving the provision of workplace child care facilities; and those that generally entail more formalized personnel procedures related to employee recruitment, job expectations, and performance review. They find that these policies reduce gender inequality, but with substantially stronger effects near the bottom of the earnings distribution than at higher levels.

A second study, by Anja-Kristin Abendroth, Silvia Melzer, Alexandra Kalev, and Donald Tomaskovic-Devey, also uses data from a sample of German firms to investigate whether women’s access to power affects gender-based earnings differences and whether outcomes vary for women in different levels of the organizational hierarchy. In “Women at Work: Women’s Access to Power and the Gender Earnings Gap,” the authors consider whether the formalization of key personnel policies—especially procedures governing employee hiring, career planning, and performance evaluation—reduces the potential effects of women’s limited access to power on their earnings. Overall, their findings indicate that more formalized personnel policies and practices can help reduce women’s earnings disadvantage, but that complex interactions occur among hierarchical level, power relations, and such policies.

Finally, in a slightly different take on the importance of hierarchical levels, Mary Graham, Maura Belliveau, and Julie Hotchkiss examine the sources of variation in women’s representation in management positions. In “The View at the Top or Signing at the Bottom? Workplace Diversity Responsibility and Women’s Representation in Management,” the authors compare the effects on women’s representation in management of having a human resource (HR) executive in an organization’s top management team and having a high-level signatory on a firm’s EEO form. The authors advance two arguments. First, gender inequalities in management positions should be lower when HR executives hold positions in the highest ranks of the organization. Second, women’s representation in management should increase when the person responsible for submitting staffing data to the EEOC has a relatively higher-level position in the organization. Their study
generally supports the second argument and dovetails with prior research by Kalev, Dobbin, and Kelly (2006) and Castilla (2015), among others: Individuals, committees, and offices that are assigned to be accountable for improving equity, fairness, and/or integration are likely to be effective to the extent that they are positioned at relatively high levels in an organization.

**Future Work**

Taken together, the articles in this issue have broad implications for both academics and practitioners. For researchers, they suggest the need to develop a finer-grained theoretical understanding of different forms and sources of bias and discrimination—that is, theories that would allow us to explain why certain approaches to reducing social inequalities in the workplace are likely to work under a given set of conditions, or for a given social group, but not others. The studies in this issue add to existing empirical evidence of the contingent effects of many diversity management practices (e.g., Kalev, Dobbin, and Kelly 2006; Apfelbaum, Stephens, and Reagans 2016). But we still need more nuanced theories to make sense of these contingencies.

The development of such theories should, we think, rest on accumulated evidence of observed patterns, which implies the need for continued research designed to identify and empirically test what contingencies—demographic characteristics, organizational features, or other social contextual conditions—are particularly relevant in shaping the outcomes of specific organizational practices and procedures. In this regard, we offer a few thoughts for future work.

First, research that relies on existing quantitative and qualitative data from firms, while an invaluable and necessary starting point, is limited by the propensity of employers to adopt bundles of organizational practices simultaneously, which may differentially affect fairness and equity in labor outcomes for different social groups, as we have seen in the studies presented here. Statistically, this makes it extremely difficult to distinguish the independent effects of each element of the bundle on demographic gaps in pay rewards and other key career outcomes.

A promising approach to overcoming this problem is to conduct carefully designed laboratory experiments as well as field-based experiments in which randomly assigned managers (or other organizational key decision makers) evaluate, reward, and promote employees of certain social groups under several controlled organizational conditions. Research along these lines would permit better identification of the underlying organizational mechanisms that may separately account for the increase or reduction in social inequalities, while addressing concerns regarding the existence of confounding factors that cannot be fully accounted for in non-experimental studies. Establishing clearer empirical links between specific organizational
practices and outcomes of interest could, in turn, support theoretical efforts to specify the social and psychological mechanisms driving observed results.

Although we see promise in this particular methodological approach, we also recognize that diverse methods are the best way to yield a variety of useful insights into the relationship between organizational practices and the reduction of workplace inequities. Thus, our hope is that future research continues using a wide range of innovative approaches to investigate the outcomes of specific organizational strategies designed to solve the problems of social inequality and unfairness in organizations.

Second, further research should examine why, when, and how formally similar organizational practices happen to be implemented differently in particular organizations, in part depending on key organizational structural and cultural dimensions (Nishii and Mayer 2009). In particular, we see merit in future research experimenting with the many aspects (and operationalizations) of diversity, inclusion, and meritocratic employer efforts aimed at creating equitable and diverse workplaces (Castilla and Benard 2010; Hallock, Jin, and Barrington 2014). We also see great value in “bringing back” key organizational decision makers inside organizations when evaluating the designs and implementations of such efforts—such as hiring and middle managers, human resource specialists, consultants, or executives—in order to understand why certain efforts by employers are more or less effective (see, e.g., Castilla 2011; Srivastava and Sherman 2015).

For organizational leaders and practitioners, the findings of research in this special issue are also notable. Perhaps the most obvious practical implication is that the quest for “best practices”—connoting ones that yield positive results across the board and under all conditions—is a quixotic one. Organizational researchers have long acknowledged the importance of contingencies in the effectiveness of organizational practices (Woodward 1958), but that insight has often been lost in efforts at diversity management in recent years.

In this regard, the research included in this issue stresses that more nuanced and careful application and assessment of the effects of various diversity practices aimed at reducing bias and discrimination in the workplace are warranted. Research indicates that many firms have adopted practices advocated by human resource specialists and diversity consultants without much inquiry into any evidence of their efficacy (Dobbin 2009). The studies in this issue make it plain that this approach may involve costly expenditures of resources with few, if any, long-lasting benefits.

It is our hope that thoughtful reflection on the findings of the studies presented in this issue may yield insights that can contribute to better future practices based on continuing relevant research.

References


