

Increasing Workplace Diversity: Evidence from a Recruiting Experiment at a Fortune 500 Company

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Is there bias in how we advertise job openings and describe the qualifications and characteristics we look for in a future employee? Do schools and universities... consciously or unconsciously send messages that deter certain groups of people from applying?

– Iris Bohnet (*What Works*)

To this we might add “Are there ways we can advertise and send messages to *encourage* a well-qualified and diverse set of applications?”

Ethnicity and gender representation in management

Almost 90% of Fortune 500 CEOs are white males. Under 6% are women, under 4% are African/Hispanic Americans.

Among US companies with 100 or more employees, proportion of black men in management rose from 3% in 1985 to 3.3% in 2014.

The proportion of women has remained flat since 2000 at under 30%

Finance Industry: African Americans account for 2.7% of senior-level staff, women hold 28.4% of upper management jobs

Important educational strides of both groups. African Americans and women account for increasing proportions of US MBA-holders:

- African Americans: 4% in 1990 to 14% in 2015
- Women: 22% in 1980 to 47% in 2014

Why do we care?

Firm performance and productivity:

Groups with cognitive diversity and skill heterogeneity may be more creative, more quickly solve problems, outperform homogeneous groups, and raise total output (Hong & Page, 1998; Lazear 1999a; Lazear 1999b; Prat, 2002; LiCalzi & Surucu, 2012).

Low intra-organization diversity may exacerbate stereotype threat for employees from non-dominant groups, negatively impacting performance and productivity.

Race/gender gaps between education attainment and managerial composition may question meritocracy principle

Cuenca (2014); Chapple et al (2017); Hall et al (2016); Cole (2015), Curtin et al, 2015

Firms and organizations invest resources in diversity initiatives

Nearly all Fortune 500 firms and half of all mid-size companies have programs to enhance employee diversity

Little rigorous causal evidence on the effects of these programs

Difficult to make improvements, ensure efforts are not backfiring, and assess effectiveness

What do we do?

We intervene at a first stage for the employer: attracting candidates

Field experiment in partnership with BlackRock, a large US financial services firm. We randomize content in recruiting materials to vary employer's signals of interest in diversity.

Embedded in recruitment to fill positions in career development program

One-day professional workshop for 1st and 2nd year undergrad students

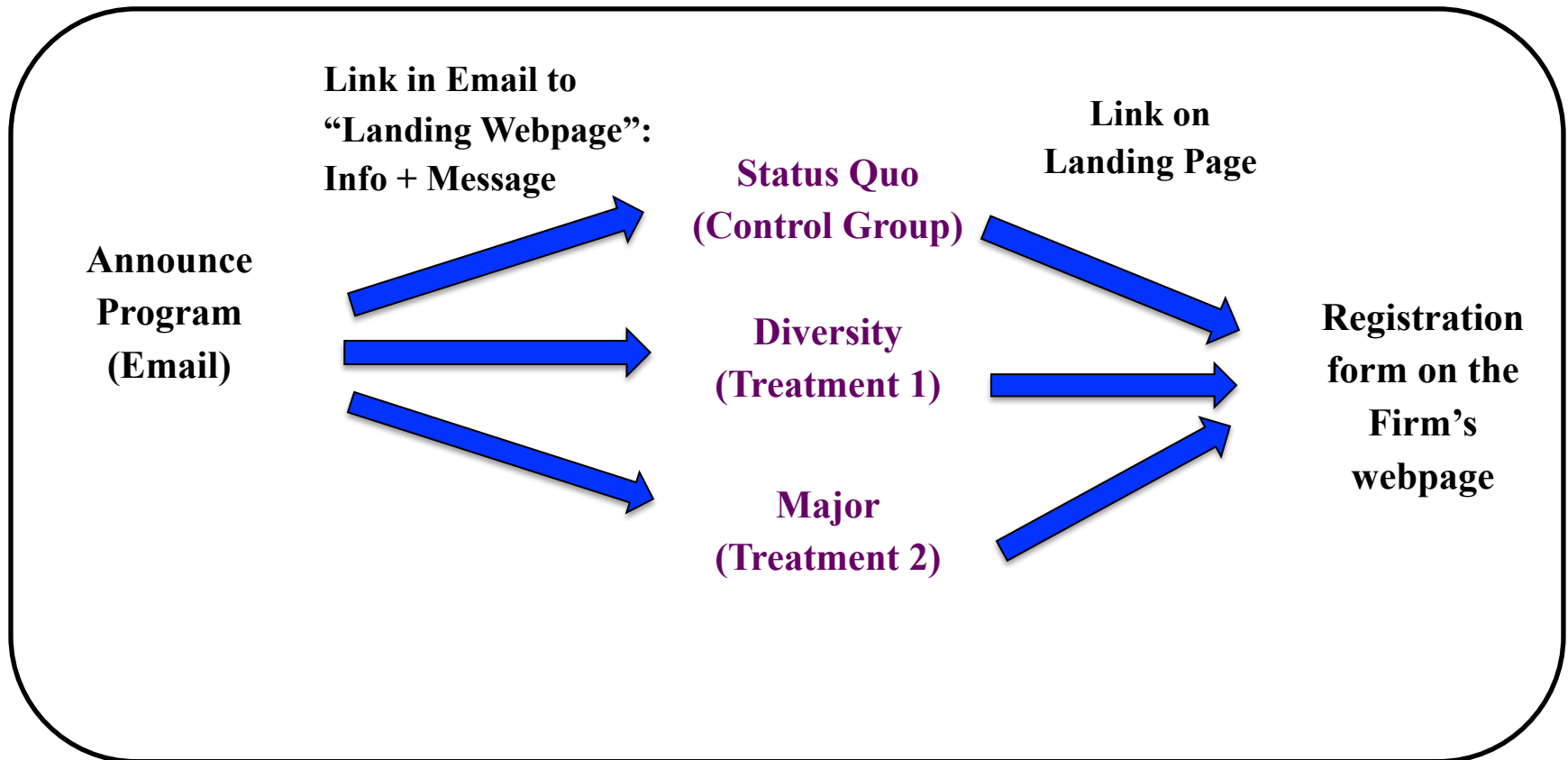
- Highly selective

- Introduces individuals to careers in financial industry, helps build professional networks, strengthen career-building skills

- Gives entrée to the sector, boosts chance of employment at the firm

Experiment Design

Each person sees only one of the messages.
Which one s/he sees is random.



Treatment Groups

Message Type	Description
<i>Control</i>	A diversity-neutral statement.
<i>Diversity</i>	Statement emphasizing firm's valuation of diversity as a competitive advantage. OR Statement emphasizing firm's valuation of diversity as a part of company culture.
<i>Major</i>	Statement encouraging individuals from a broad variety of fields of study.

Diversity: Direct, signals a desire for a variety of backgrounds, emphasizes company's value of diversity per se.

Major: Less direct, no mention of background or diversity, specifically mentions fields with more underrepresented groups.

Landing Page

BlackRock sent an “email blast” to undergrads across the US via campus contacts.

Short email:

- Company name
- Event purpose
- Dates

If student clicked for more info, landed on this page.

For college freshmen and sophomores, summer internships in finance can be hard to come by. Get a head start — and begin building your resume — at **Company Name’s Event Name**, a one day program with the world’s largest asset manager for current undergraduate freshmen and sophomores from diverse groups.

Treatment script

► DISCOVER A NEW WORLD

Come explore the ever-changing and exciting asset management industry. Learn about what **Company**... does within the worlds of Technology, Client Business, Corporate, Analytics & Risk, Investments and Advisory & Strategy.

► BUILD YOUR RESUME

Discover what it means to be a fiduciary, learn about our innovative technology and hear from professionals in the industry. Gain that competitive edge and enhance your development through financial, professional and technology workshops.

► INVEST IN YOUR FUTURE

So What Do You Do With Your Career? Get focused early, develop your network and acquire the tools to become a future leader in the asset management industry. Uncover strategies and communication essentials to utilize during your career search.

REGISTER TODAY:

Register to join us at either our **New York event** on **April 25th** or our **San Francisco event** on **May 2nd**. Registration deadline is **April 10th** at 11:59PM EST.

Click to Apply →

- For more information on the event and to register, click [HERE](#).
- If you are interested in this event but are unable to attend this year, click [HERE](#) to be notified of **Company’s** similar events in the future.
- If you are not interested in this event, please click [HERE](#).
- To share information about this event with friends, click [HERE](#).

Diversity Message

Wherever you're from, whatever your background, BlackRock needs you! At BlackRock, we believe that inclusion and diversity are key to our success. By fully leveraging our diverse experiences, backgrounds and insights, we inspire innovation, challenge the status quo and create better outcomes for our people and our clients. Making inclusion and diversity a competitive advantage is front and center for us.

The Sample

1,120 students clicked on link and thus saw a treatment message

Control = 162

Diversity Message = 637

Major Message = 322

51% men

49% women

48% Asian

31% White

9% Latino or Hispanic

6% African American

1% Two or more ethnicities

“Underrepresented Ethnicities” = Hispanic/African Americans in our setting

Results: Expression of Interest

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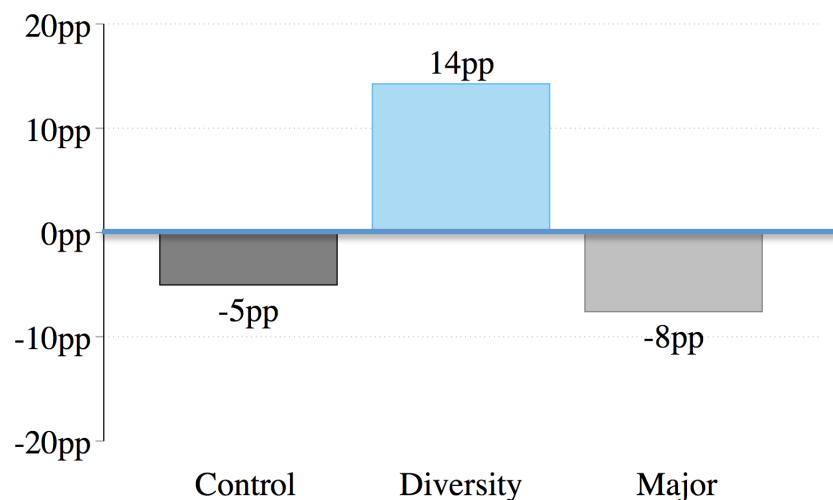
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Results: Rates of Application

Difference between under-/over-represented.

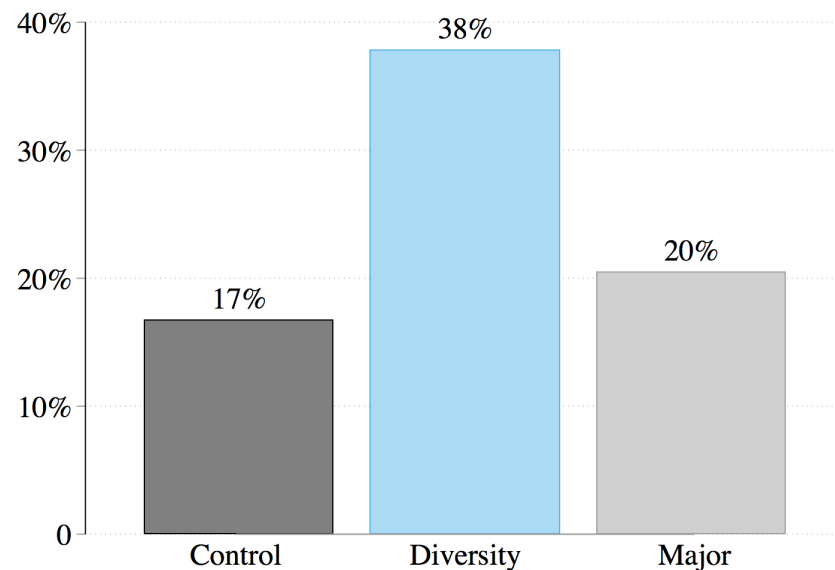


Control: Ethnic minorities are 5 percentage points less likely to apply than non-minorities

Diversity: Once again reverses the gap. Gap changes by 19 percentage points in favor of ethnic minorities. ($p < 0.05$)

Major: No impact on gap

Percent of underrepresented ethnicities applying



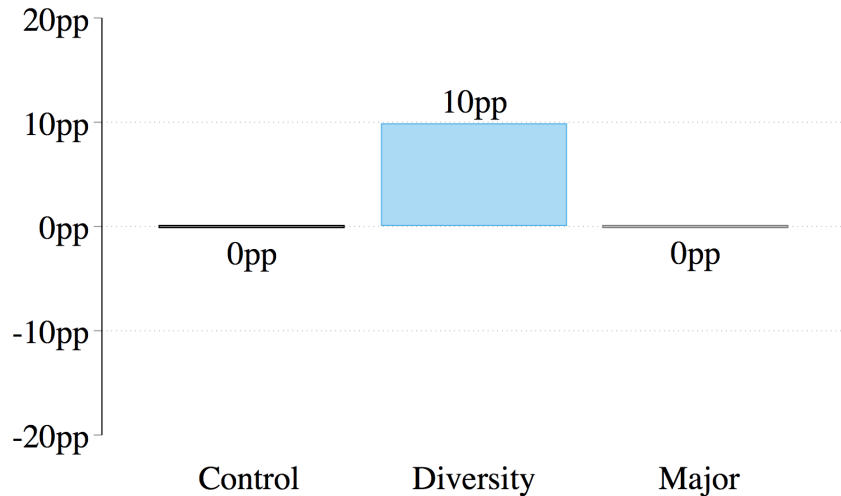
Control: 17% applied.

Diversity: 38%. More than doubles the proportion that applied ($p < 0.05$)

Major: No significant effect.

Results: Percentage Offered Position

Difference between under-/over-represented.

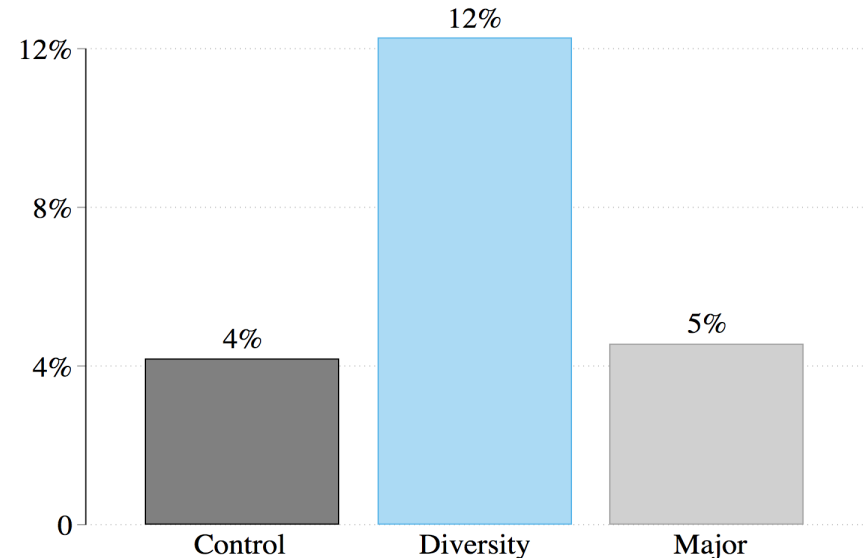


Control: Among page-viewers, no difference in percentage selected for program between under- and over-represented ethnicities.

Diversity Message: Gap of 10 percentage points appears in favor of under-represented ($p=.07$).

Major Message: No difference

Percent of underrepresented ethnicities selected

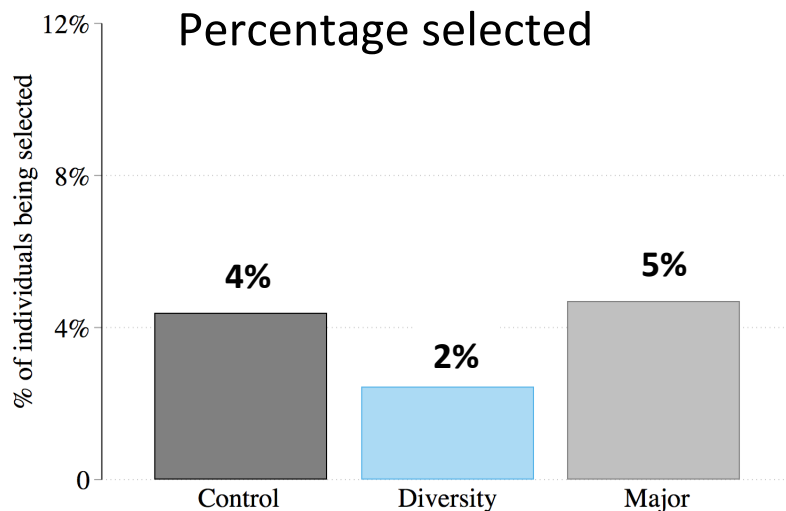
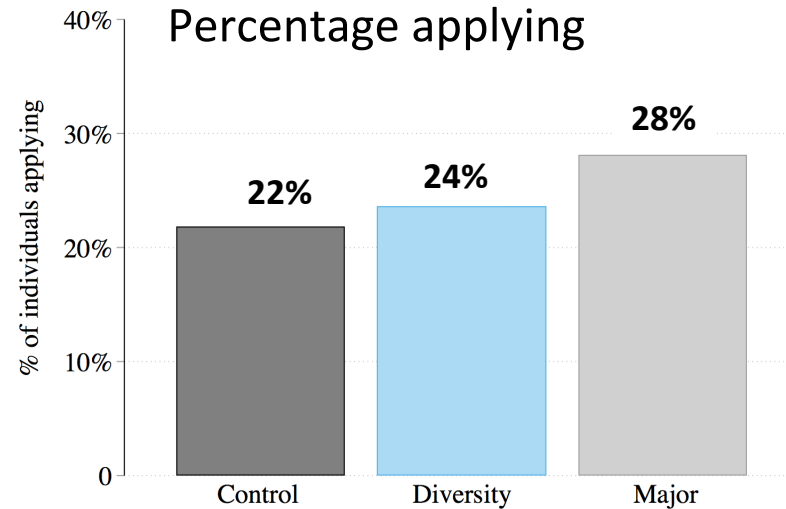
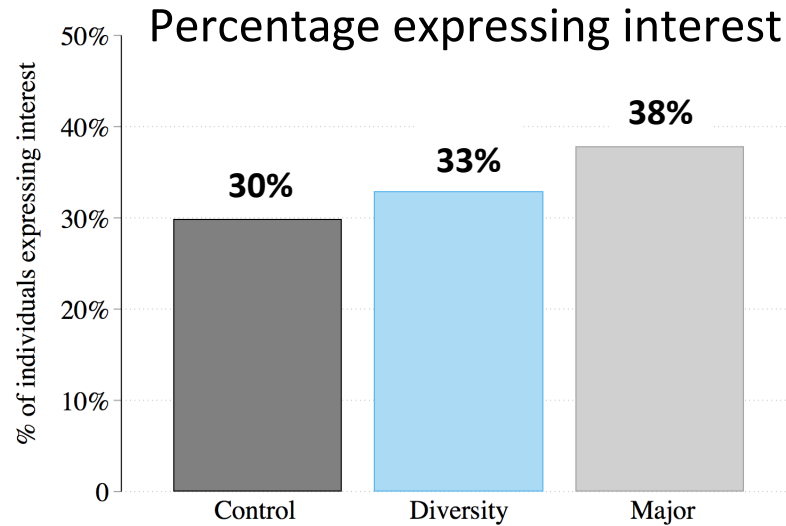


Control: 4% selected.

Diversity: 12%. Triples proportion selected. Seems to be attracting *well-qualified* ethnic minorities.

Major: No significant effect.

Results: Overrepresented ethnic groups



Ethnic non-minorities are not dissuaded by the messages aimed to increase diversity.

Interest and application rates actually *increase* (though not significant).

Some Take-Aways

Diversity messages had large impacts on Hispanic and African Americans

Explicitly referencing diversity per se, either as a competitive advantage (firm performance), or as a key part of firm culture, had a very large impact on expressions of interest and application rates

The rise in percentage selected, roughly mirrors the rise in percentage applying, suggesting those that the *Diversity* messages are attracting are well-qualified.

Interest by ethnic majorities not negatively affected

If anything, impacts appear slightly positive

Major (field of study) diversity, our indirect approach, had less pronounced effects on ethnic minorities

Scaling Up – Carefully and Thoughtfully

Very promising results from the first experiment. BlackRock's top brass very happy.

So, with BlackRock's encouragement, we expand, but still within a carefully controlled experiment.

Entry Level Hiring: Full time entry level job at the firm.

Similar protocol, with some differences in treatments

Over 6 times the sample size (~6,000 individuals) in experiment

We also link it with non-experimental data from the firm, for a combined dataset of over 25,000 individuals.

So far, the preliminary results are very intriguing.

(Guess you'll have to join us at next year's SODI convening to learn more!)