

# **Diversity and Global Policy: Firm Policies**

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# Our Roadmap

- **Universal public policies**
  - Minimum wages
- **Targeted public policies**
  - Quotas
  - Other forms of affirmative action
- **Firm policies** (today's lecture)
  - Smart work
  - Hiring strategies
- **The role of civil society**
  - Social movements and political activism

Firms and organizations play an essential role in fighting discrimination and encouraging diversity.

We will discuss several relevant dimensions:

- Hiring
- Training
- Mentoring
- Work arrangements
- Reward systems for promotion

We will also highlight some cases where do-gooder policies backfired.

Organizations can promote diversity at the hiring stage...

# Blind Auditions

A considerable amount of studies document discriminatory hiring practices in the labor market.

What if screening interviews were anonymous?

Goldin and Rouse (2000) exploit a change in how symphony orchestras recruit musicians – from non-blind to blind auditions.

Difference-in-differences methodology based on the staggered introduction of blind auditions.

Blind auditions increase by 50% the probability that a woman will advance out of the preliminary rounds, increasing her odds of eventually being recruited in the final round.

# Joint Evaluations

Bohnet et al. (2016) propose an “evaluation nudge”, in which people are evaluated jointly rather than separately.

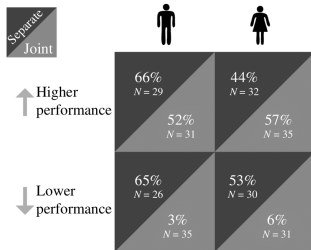
Randomized laboratory experiments:

- Stage 1: Candidates participated in verbal or math tasks.
  - They are paid based on their performance in the first round.
- Stage 2: Evaluators know the candidates' past performance and their gender and select a candidate.
  - They are paid based on the performance of their selected candidate in the second round.

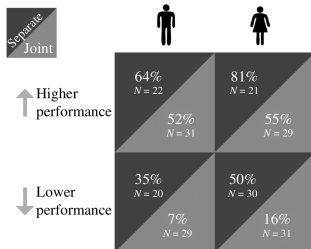
Evaluators are more likely to base their decisions on individual performance rather than group stereotypes in joint evaluations.

## Percentage of Candidates Selected in Separate and Joint Evaluation

### Math task



### Verbal task



Once people are recruited, there are still several things to consider...

# Trainings to Reduce Bias

RCT at the University of Wisconsin-Madison with 92 academic departments in science, technology, engineering, and mathematics.

Half of the study's departments were randomly chosen to participate in a series of workshops on gender bias.

## Main results:

- Increase in faculty members' awareness of gender bias issues and *"self-efficacy to engage in gender-equity promoting behaviors"* in the short term (Carnes et al., 2015).
- Proportion of women hired after the intervention increases by 18 percentage points (Devine et al., 2017).

Other studies find similar results.

At Montana State University, search committees in science, technology, engineering, and math departments were randomly selected to receive training and some resources to support the hiring of women.

*“Searches in the intervention were 6.3 times more likely to make an offer to a woman candidate, and women who were made an offer were 5.8 times more likely to accept” (Smith et al., 2015).*

# Targeted Mentoring

Mentoring can reduce information asymmetries, provide a support system, and connect disadvantaged groups with role models.

Two-day mentoring workshop sponsored by the AEA's Committee on the Status of Women in the Economics Profession:

- Participants are organized into small groups by research field with senior mentors and junior mentees to receive feedback.
- Groups are small and only comprise women (5-7 participants).
- Participants also attend panel discussions on publishing, promotion, and work-life balance issues.

There were too many applications, so participants were randomly selected (Blau et al., 2010).

Main results of the randomized control trial:

- Participants had 1.622 more publications and 0.09 more top-tier publications than the control sample on average (after three years).
- For the first cohort, the effect on total and top-tier publications was 2.677 and 0.200, respectively (after five years).
- The results are also supportive of a positive effect of the workshop on grant receipt.

# Part-time Work: A Double-edged Sword

Many mothers prefer to work part time to combine work and childcare.

On average, women reduce their work hours substantially after childbirth, particularly at the first child's arrival (Paull, 2008).

Part-time opportunities positively impact the probability of women participating in the labor market (Del Boca, 2002).

But part-time work among mothers significantly increases the gender pay gap (Connolly and Gregory, 2008; Manning and Petrongolo, 2008).

# Smart Work

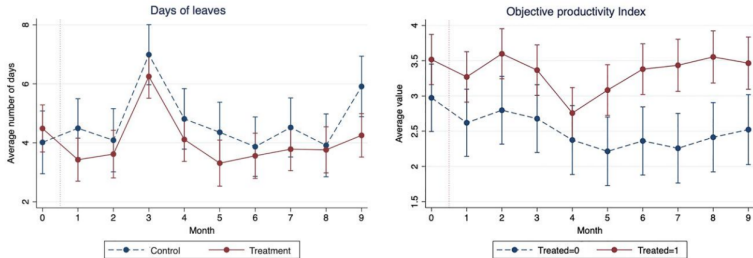
Can we design working arrangements that preserve the upsides of part-time work and limit its downsides?

“Smart work” is meant to offer flexible working hours (rather than fewer working hours).

Angelici and Profeta (2023) design a randomized experiment of a sample of workers in a large Italian company.

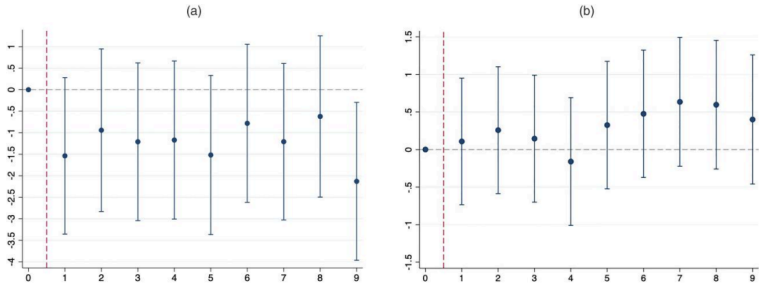
Workers are randomly selected for a regime with flexible place and time of work, one day per week for nine months.

**Figure 2.** (Color online) Measures of Average Objective Productivity



Objective productivity measures increase.

**Figure 5.** (Color online) Estimated Objective Productivity: Difference Between Treated and Control per Month



*Notes.* The figure shows differences between treated and control workers for our two measures of objective productivity per month: the number of days of leave (panel (a)) and objective productivity index (panel (b)). The point estimates and corresponding 95% confidence intervals are obtained from a panel data regression with OLS specifications regressing the outcome variable on the treated dummy and the interaction between the treated and each month. Observations for individuals for each month are pooled. We control for individual and month fixed effects. (a) Number of days of leave per month. (b) Objective productivity (index) per month.

The study can exclude a significant decline in objective productivity in any month.

## Some other interesting results:

- Sizeable improvements in self-declared well-being.
- Sizeable improvements in self-declared work-life balance.
- Men also increase the time dedicated to household and care activities.

# Rewarding the Right Things

What counts for promotion in organizations is essential and organizations may not recognize part of the work being done by some of their members.

*e.g., Women in academia do more service (more likely to be internal and, therefore, less likely to be rewarded) (Guarino and Borden, 2017).*

Babcock et al. (2017) run a lab experiment on “low promotability” tasks:

- Groups are asked to push a button.
- All group members receive a reward if someone pushes the button.
- But the person who volunteered to push it gets a lower reward.

## Main results:

- In mixed-gender groups, women were 50 percent more likely to push the button.
- When one group member was tasked with asking someone to volunteer, they were more likely to ask a woman.

⇒ Women are more likely to be asked to volunteer and are more likely to say yes, reinforcing incentives to ask them.

In some cases, policies can seriously backfire...

## When Anonymous CVs Go Wrong

Behaghel et al. (2015) evaluate an experimental program in which the French public employment service anonymized CVs for hiring firms.

Firms were free to participate and randomly assigned to receive anonymous CVs or name-bearing ones.

Participating firms become less likely to interview and hire minority candidates when receiving anonymous CVs!

Why is that? Only firms actively interested in diversity joined the program.

Anonymization prevents the attenuation of negative signals when the candidate belongs to a minority...

# The Risk of Gender Neutral Policies

Many skilled professional occupations are characterized by an early period of intensive skill accumulation and career establishment.

*e.g., law firm associates, surgical residents, and untenured faculty at research-intensive universities.*

High female exit rates are sometimes blamed on the inability of new mothers to survive the sustained negative productivity shock associated with childbearing and early childrearing in these environments.

Gender-neutral family policies have been adopted in some professions in an attempt to “level the playing field”.

For instance, most research-intensive universities in the US have adopted gender-neutral tenure clock-stopping policies in recent decades.

What does this mean? Professors are basically allowed to stop their tenure clock for one year after childbirth or adoption.

Antecol et al. (2018) study the effects of these policies:

- They substantially reduced female tenure rates while substantially increasing male tenure rates (!).
- Why? Men use the extra time more strategically than women (i.e., use it to publish more papers instead of taking care of the kids).

# Conclusion

Organizations have many levers to improve diversity within their ranks.

In some cases, policies implemented may have unintended effects.

It is essential to **systematically evaluate** the effects of policies.

Hundreds of diversity initiatives are being implemented in organizations without any clean impact evaluation...

You can change that!

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# Tips for the Exam

Understand where companies can make a difference to encourage diversity and fight discrimination.

Understand how these interventions were implemented to make them amenable to impact evaluation.

Understand when and why some policies may backfire.