Episode 4 — Moving the Needle on Diversity: A Conversation

Sarah Kaplan: Welcome to another limited-edition series from GATE audio productions. In this four-part podcast, we're bringing to you four conversations with expert panelists from our 2018 Behavioral Approaches for Diversity conference, affectionately known as the (BAD) conference. In them, you'll hear new solutions from the behavioural sciences for making real progress on diversity and inclusion. The BAD conference was co-hosted with the Behavioural Economics in Action at Rotman research center (or BEAR) and we focused on the childhood roots of inequality, going beyond hashtags towards real change, bringing masculinity into the conversation, and how to move the needle on diversity.

GATE audio is produced by the Institute for Gender and the Economy at the University of Toronto's Rotman School of Management, or GATE as we call it, and I'm Sarah Kaplan Kaplan, GATE's director. Our goal is to engage current and future leaders in rich conversations about inequalities in our society and how we might address them. And, this conference, and these conversations are part of that effort. Hundreds of people joined us at that conference and now we're super pleased to bring it to the GATE audio listening audience. As usual, if you want more information on GATE, go to gendereconomy.org. And, now on to the show.

Sarah Kaplan: Okay, well, this was really great. I've been collecting the Slido questions from folks over the course of the day. And so I want to start with a general question. And then we'll get into some of the specifics. But as each of you have talked about these different kinds of interventions, whether we're talking in supply chain, or gender wage gap, or Jordan or, or Wall Street, maybe each of you could comment on what was the biggest surprise you had in terms of trying to make the change, and either positive or negative? And what that tells us about how we can actually make progress if we do want to make change. So I don't know who wants to start with the biggest surprise. Rony, you're smiling.

Rony Hacohen: Okay, can you hear me? Yeah. So kind of the first, the first company that we worked with and started kind ofSo I think my biggest surprise when analyzing and when we were analyzing the data of kind of the first companies was actually that to shift the dial, particularly on the gender pay gap. I mean, that's not what interests everyone, but particularly on the gender pay gap. It's not going to be enough to solve unconscious bias and hiring and selection. processes, we need to start thinking about how our toolkit will be helpful in solving more structural problems. So for instance, what we saw in one of the companies is actually the problem was a lot of the gender pay gap was driven by the fact that there weren't enough women at the top of seniors were men, but we weren't finding any bias in promotions. What's the surprise? We were finding a bias towards women that were working part time, whether it's in the performance evaluation scores, whether it is the probability that they will then apply for promotions and so forth. So it's kind of a slightly different story than what we thought we thought we would would kind of find. I can talk about what we've been thinking about in terms of solutions and investigating that particular issue, maybe a bit later, but that was it was a big surprise for

Kathleen McLaughlin: One thing that surprised me is something that you mentioned in your talk that we also discovered um, You know, at Walmart this past year, which is that sometimes the diversity training or even, you know, implicit bias or unconscious bias training can backfire. And, and we had been doing this work with folks from Harvard, and they shared with us this very rigorous study they did in California using data over many years to show that. And they were saying it's really because sometimes if people are forced to go through a training like that, they feel that they're being scolded or called out, and it makes them want to prove sort of the opposite, or kind of dig in their heels a bit more and justify decisions they're making with lots of reasons, it makes it worse. And so what we ended up doing is saying, Well, we're still gonna do the training, but how can we do it in a way that makes people feel that it's, it's a choice for them? And that it's really about enhancing performance and not judging you? And, you know, somehow implying that you've got implicit bias or what have you. And, you know, we hope it's okay, we will see we're doing we'll see what kind of kind of results we get. But that was surprising.

Jackie VanderBrug: I might say the also building on the framing side of things. So one of the powerful things early on was to frame gender lens as a big 10. So that those that were looking at capital to women saw themselves in the same sort of lens factor as those that were looking at women on boards, or those that were looking at these

products, they hadn't necessarily seen that before. What I hadn't expected with that a bunch of people would say, Wait, I'm actually not a gender lens investor, because, you know, I may have thought about getting capital of women entrepreneurs, but I'm really a good investor. And there was the sense that, at least for some of the folks that this was part of their lens, they were afraid that if they were branded in that way, that they would not be seen as serious. And this is an ongoing issue, actually, with sustainability funds now, of Do you want to be branded as a sustainability fund? Or is this just part of your investment process? But you don't want that label? So this back and forth of, you know, how much does the gender come to the forefront or not of the framing is an interesting play?

Varun Gauri: Yeah, I would just pick up on these last couple of comments, and very much agree. I mean, we were interested in exploring the cultural and social norms issues around women's labor force participation in Jordan and did see that's an issue. But the interplay between the norms and the structural concerns, like how do women get to work, the public transportation system doesn't really work. There's, there's fear of harassment on the streets, people don't walk out at night. Um, childcare isn't really available. And there are people working on these things, on public transportation, but they don't take a gender lens, they don't look at the perspective of women who really want to work, they can't get there. So it's really about some probably our colleagues and in government not really thinking that they could actually be contributing to a solution.

Sarah Kaplan: So that's really interesting. I want to turn to, you know, maybe this dovetails on this question, as each of you, in your own way have talked about the role that data plays in doing the behavioral interventions. And I wondered if any of you wanted to amplify on the role that data can play does play or should play in terms of how you would want to advance the agendas that you're that you're working on? Kathleen McLaughlin?

Kathleen McLaughlin: Yeah, I just say it's critical. I'm not surprised to hear you say, of people, you know, banging down your door to be part of the studies, because it's so true that there are so many interventions out there that seem on the face of it, that they would make sense. You think, oh, yeah, that sounds like a good thing to do. And then you find out the reality is, it doesn't work, often for counterintuitive behavioral reasons, right? So getting that data set, parsed between degree of confidence based on true facts about what works is really important. We did this in our retail opportunity work, even before the gender study I just mentioned a couple years ago, where we had some folks come in and say, Okay, what are all of the things that retailers can do to accelerate mobility of entry level workers? What are the things that really helped them go more quickly from that first job to management? And there were all these good ideas, things that we had been trying for years and thought were really great. And then when we actually looked at the evidence, so what has the highest degree of evidence so there were actually randomized controlled trials and things over time? It's versus seems like a good idea, anecdotal evidence and everything in between. It was surprising to see what you know, is it at different ends of the spectrum? So that's something that we're trying to get better at in any design that we're doing of just basic business things where we're trying to drive a social and environmental outcome as well as business outcome is start to pull that fact base together and keep it fresh and keep learning and keep updating it.

Sarah Kaplan: Any of the rest of you want to come in?

Jackie VanderBrug: I probably, I would say data was the number one intervention piece and three reasons one, none of the gender strategies could be run without data. And so that the total increase in environmental, social and governance data that is reported or web scraped over the last 10 years, is essential. And the work that you and others are doing to make that happen is is essential. But the second piece of it really, is that the data also gets a bit of a race to the top. So every time that a new index is put out, that's a women's leadership index, or it's a good company index, I get a call from our C suite saying, are we in it? They want to know and if we're not, they want to know why not and how we're being measured and where our peers are. So the absolute aspect of positive competition is part of data and disclosure and so forth. And then the third piece is really what Kathleen McLaughlin was saying that this aspect of how, when we're looking at a fun that is evaluating companies, based on gender factors, we want to know that the gender factors that we're using are actually positive for women. And so there's been more work done recently, around what factors should we be using? Can we say that this is really what we're calling a gender positive business. And so those go into four different categories, one of which is the

question of where women are in the business and their power structure, which gets to the pay, disparity and so forth.

Varun Gauri: yeah, so we try and evaluate everything, we do it with a randomized control trial. So we're very much into data evaluation. But at the same time, I think there's some cautions reporting to keep in mind. Some interventions are crucial, but they're very hard to measure and evaluate. And we shouldn't be like the drunkard looking for the keys under the lamppost because that's where the light is, right, we need to sort of not chain ourselves to simply what we can evaluate, because some things are important. Second, I think data collection ought to be done locally, we got to be building capacity. I think too often we rely on North American European universities to do this kind of thing, or in house. And I think it's really important to do things locally, because what we think it means to be a woman leader might be different than what someone locally thinks, and we need to build the building capacity in the process. And then finally, we have to be brave enough to fail. No, I think if we're measuring everything, we're gonna get evaluated on it, that makes us very risk averse. And I think that's a danger about the whole enterprise.

Sarah Kaplan: Ronnie, did you want to add anything on that data?

Rony Hacohen: The thing about data is that it's very surprising a lot of the time, and it's humbling. And so we have a lot of theories. But in the end, we need we need data to guide us. So that's the most important thing. I think, I think with data, though, I do agree that, you know, many, many big things we can't measure. And, and we need to just be mindful of that. One important insight, at least, that I had in our particular work is how little companies that data hold is actually useful for research. So for instance, recruitment data tends to be very bad, very bad, because it's only there to kind of do kind of operational reasons. For instance, things like gender aren't even captured properly in most recruitment kind of systems. So you can't understand if you have bias in your recruitment if you don't even capture and capture that. And so we're thinking now about how we can both put out a bit of guidance on what are the main What are basic things that companies should really make sure they're collecting? And what are the basics and things they can start analyzing by themselves? Hopefully, that will be helpful to some extent.

Sarah Kaplan: Yeah, it's a very interesting tension between needing the data needing to validate but being careful that you're measuring things that are actually meaningful. And in some cases, as you point out room, it's a little bit hard to do. So, Jackie VanderBrug, I want to pick up on something that you just mentioned. And it came up in a number of the talks, which is this question of the Race to the Top or the competition among firms? And I thought I had a clear question that all four of you won't be able to answer then Kathleen McLaughlin, you mentioned that actually, other firms have been uncomfortable, for example, using the women label because that felt competitive. And they didn't want to be part of the Walmart thing. So in fact, that might be getting in the way of the story of the Race to the Top so I would love to have some reflection on is, you know, the role of firms competing against each other whether it's in Jordan or to get better pay equity in the UK or to have women's initiatives or, or in all the ways that you just described Jackie VanderBrug, what is the role of getting firms to kind of compete with each other to be to be better at these at these initiatives? Does because that's under the umbrella of a broader question about incentives, which is what are the incentives that can actually get organizations to drive but I want to focus specifically, maybe on this competition thing, and then we can go more specifically into other kinds of incentives. So you want to continue to reflect on that on that struggle that you had at Walmart?

Kathleen McLaughlin: Yeah. I mean, that's one example. There are many other examples of really great productive collaboration, you know, on different things. And I'd say a couple things. One, is what you were talking about, Jackie VanderBrug, in terms of that kind of recognition, or list or what have you, that rewards multiple companies for good practices, that's great, because it really does set a standard that people want to aim for, and certainly inspires people to do that. There are also a number of examples of good collaboration. So I talked about the women in factories program and the recognition that there are different curricula out there, all doing similar kinds of things, we want to learn from each other, we are exchanging insights, we want to get better. And so when the focus is really on, that shared value creation of look, this is a really good thing for these women, it's good for these communities, and it's good for our businesses, and it's pre competitive, it's not competitive, this is something that's going to really elevate all of us in the sector. That tends to be you know, to be easier to do and

collaborate across entities. We also have a lot of collaboration with suppliers. That's been really terrific. So all along the chain and getting people at different stages of value chains to work together on things like you know, the collaborations we've got around sourcing from women owned businesses, for example.

Jackie VanderBrug: I guess I would say absolutely. I mean, I do think there's many examples of the collaboration side, you know, that that we could say, maybe two things, one, when Brian Moynihan, who's our CEO, became CEO, he had already chaired diversity and inclusion for the firm. And many people thought now that he's CEO, he will have someone else do that. And he did not. He kept that. And that was a key sign that sort of this was continuing to be his priority. But I took something to him recently, to his teams. And you know, do we want to be a case study on this? They said absolutely not. Like this is something that we do. This is our commitment, who we are, but we do not really want to be a case study around this. That's not how we're you know, so it does cut both ways. The other thing that I would say is, it is about awards. But it's also right now about investor relations. So our lead us quantitative analysts has estimated that money flowing into funds that are using environmental, social and governance standards is going to equal what's currently in the s&p 500. That much capital is flowing, that if you look at asset managers, the use of these factors is just growing continually. So firms are looking at that and saying, absolutely, I want to know how I am ranking versus my peers, because that's what investors are increasingly using.

Sarah Kaplan: Any other thoughts about competition amongst firms that are in the Race to the Top to drive change.

Varun Gauri: So our little experiment in Jordan is going to basically give social recognition to firms that are very family friendly in lots of different ways. But I think what we're planning to do is to segment the competitions for large firms, smaller firms and international firms. And I think that's important, because one thing that happens with sometimes with competitions is that if you think you're not going to win, you just give up, right? And so I think it's really important to be contextual. And make sure that you know, your people, the competition's have a level playing field, basically.

Sarah Kaplan: Any customers? No? On to the next. So can we open up now more broadly, this question of incentives. In terms of other ways, like Kathleen McLaughlin, you mentioned, for example, that making improvements is going into people's performance measures, you know, their KPIs are going to include having to actually worry about sourcing from female managers. And you know, we here in the UK with the gender wage gap. Well, it's one thing to have those numbers out there in the beautiful PR documents that most of the firms have produced. I didn't know it was 100%. But that's fantastic. 100% of firms have complied. But like then they obviously need to, like move the needle. And so can we talk a little bit about incentives inside organizations in terms of how those are the ways that those can be productively used or to the degree to which they're important to us in terms of making change?

Kathleen McLaughlin: I would say that informal incentives are as important as formal. So So in the example I gave about putting in people's performance objectives, their participation in sourcing from women and so on that that's very real. It's very tangible. It's a quantitative thing, in some sense. Equally important, though, is the boss or the CEO asking the question of people, and just having cultural norms that would make inclusion just the way we do things around here, you know, maybe that's what you're getting at when you said, that's not really a case study is just how we do things. And that that is so important. That is just the culture of community and part of values. And people want to strive for excellence and be better and just have that be part of the day to day. Otherwise, it's really just a mechanical, you know, exercise versus something that people truly feel is part of the community and what it means to belong to that community.

Varun Gauri: Yeah, I would just agree that I think that sometimes, extrinsic incentives can crowd out intrinsic incentives, something that we struggle with at the World Bank, because we have, for each project or variety of safeguards that the project team leaders have to sort of make sure, you know, certain environmental safeguards, social safeguards, you know, and some time and we're introducing some new ones. And there's a feeling sometimes among staff that well, I just got to check this box, right. And so they'll sort of not really put their heart

into it, I guess, because it feels like it's something they're forced to do. And so I think that's this culture change to get people to really commit to it is very hard. But I think it's really crucial.

Rony Hacohen: I think I think we need to get the design of the particular targets, right. So to give an example, it doesn't have to be a target that says, well, let's reduce our gender pay gap by 5% by x, because because no one can actually do that, or even increase the representation of women in this grade by x, because that's gonna cause gaming, and it's gonna cause lots of things that might backfire. But maybe what you can do is have slightly smarter, quantitative goals like, well, you know, you've, you've found bias in a particular area. And so you want to, you want it to go down, you want it to go down, and you're going to give people in the organization, transparency and accountability and the ability and the tools to do it. And you're going to track it with time direction of it, rather than kind of putting it putting a number that might kind of backfire.

Sarah Kaplan: I think that's really important to think about how first you have to get your measures. Right. But second, that is not all about the quantitative KPIs that this is also we're talking broadly about culture change. So I want to conclude with the last question that's about the framing. So I was specifically inspired by Ronnie your point about, if you say 13%, people don't know what that means. But if you say 87 P out of a pound, people know what that means. And that makes a difference. And then a couple of you other were others were talking about the business case, and how to make the business case and things like that. It feels to me like the framing is so important. I was just marked by an Atlantic article the other day that reported on some research about how when a girl's self confidence goes down at the at the point of puberty, but the headline says puberty kills girls self confidence. And I'm like, No, that's not the right framing, I took to Twitter, Of course, I have to on that one. It said just another puberty kills girls Self confidence is that the society's reaction to puberty, but the framing was completely wrong. So I wondered if each of you could talk from your own experience about moments when you kind of had an aha, about how to frame something that actually help move things forward. Because I think a lot of what we're trying to do is learn, learn about new ways to talk about these challenges. And so I'm just hoping to learn from you about when you've had those aha moments.

Jackie VanderBrug: So I can throw a two in one is, and I mentioned it in terms of lens, not limitation. But it really is that this is additive. Because I think what the assumption was that if you started using gender factors that all of a sudden, all your business acumen and all your traditional finance went out the window. And it was so interesting to me to sort of get that that people weren't realizing that we were talking about this and that the analogy that I use broadly with ESG is that ESG is to investors with the X ray was to doctors, when doctors got the X ray, they didn't stop doing all of the traditional analysis of listening to hearts and looking at skin and everything else. They just had new information that gave them new insights. And that's you know, so that was one the other has been that this is both a A big broad tent and that we're at the beginning of a journey. So trying to be Invitational because what I found was that the fear of, oh my gosh, I might get gender lens wrong, and that somewhere the gender police are gonna show up and say that I, you know, I'm not doing this right was pretty palpable. And so instead to say, look, everybody's, there's lots of ways to use a gender lens and yours is going to be different than hers is going to be different than his. And we're in early innings of figuring this out. And we need to, you know, so Root Capital does great work on the one side and CalPERS does great work on the other side. And we're all learning from each other is an important part of the process.

Sarah Kaplan: Other reframes, Varun?

Varun Gauri: Yeah. So the little aha moment for me was when we were designing these surveys to assess who was living for labor force participation in the Middle East, one of the issues is that when a woman works, sometimes people feel that that lowers the status of the household, we were trying to get these questions of honor. And it was just very, very hard to ask that question. You know, because it just triggered backlash and concern. And so that was like, a real concern with local sensitivity, you know, and sort of we talked about backlash a bit in the course of the day, but it really sort of brought it home. And I guess the stepping back from that a little bit, I think we've talked a bit in the course of the day about the importance of empathy. But personally, I think that sometimes empathy can be limited or sort of targeted the wrong way, you know. And so I mean, for me, the framing, maybe this sounds old fashioned at this point, but I really feel like your framing is around human rights. You know, and I think that it's an important to wait, it's important. It's a part, it's one way to get past. You

know, I think we had it in the mescaline the panel has reference to justice. And sort of I think that that's sort of still a powerful framing for me that we should be using more of.

Kathleen McLaughlin: Yeah. You know, for us, it's really been to ground the narrative and a notion of shared value, which, which is, from the business perspective, say, Look, if what you're focused on is shareholder value creation, if that's all that it was, the way that you maximize shareholder value creation, is by strengthening the systems that you rely on and transforming them in creative ways where they need to be completely transformed social systems, environmental systems, whether it's a supply chain, or you know, the people, human capital, and so on. And so making that argument that these things all intersect, you can't separate environmental, social, economic, you can't just say, Well, I'm gonna do the short term decision and not worry about the long term, because that distance between short term decision and long term consequences gets shorter and shorter and shorter. So it really is about convergence and recognition that, yes, women's rights are human rights, of course. And if you don't pay attention to them, you will not have a good business. So it all works together. That's very much our narrative. Its internal, its external. And, you know, through the whole ESG thing, we're trying to make that case. So people like George Sarafem, and others that are really trying to run the numbers on this and show that yep, that's, that's right. It all comes together.

Sarah Kaplan: Rony, did you have any thoughts?

Rony Hacohen: I think it's my jet like brain and nothing very interesting comes to mind

Sarah Kaplan: We have the 87 P out of $1. And it's almost I mean, like what that point that you made was sort of it could be even just like a simple tweak that causes people to really re think. And I think that's going to be an important one of the important ways we move forward is that this is goes back to the beginning of how I started the day that we need to change the conversation that one of the ways to change a conversation is learning about new ways to think about how to change behavior. So I want to thank the whole panel for your wonderful intervention throughout the day. And for this conversation right now. Thank you very much.

Sarah Kaplan: Thanks for listening to another GATE audio production podcast. To continue these conversations, GATE will collaborate with Rotman's TD Management and Data Analytics Lab to host a new conference called Gender Analytics: Possibilities or the (GA:P) conference on April 27, 2023. At the GA:P conference, you'll join more than 25 speakers and hundreds of participants to explore how to use inclusive analytics to generate innovative products, services, and policies. We'll be talking about topics such as decolonizing data and design, inclusive product and service design, new trends in financial services, creating inclusive contracts in legal practice, and revolutionizing sports analytics. Check out thegapconference.com for more information. That's the gap conference dot com. Stay tuned for more GATE audio episodes!