Literature Review

Synopsis of literature review conducted by Quantum Impact and Annotated Bibliography of key research

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Section I: Introduction and Background

The final piece of Quantum Impact's research over the past year has been a literature review, which is still ongoing.

In this literature review, our researchers are reviewing and cataloging key existing studies and research that has been conducted in diversity and inclusion and the workplace.

We have examined both primary and secondary sources of information across sectors and from the perspective of different disciplines - from business and nonprofit management to cognitive science and psychology to help us understand not only the impact of diversity on productivity of organizations, but also what governs human behavior and how to best introduce diversity and inclusion programming.

Below, we present a synopsis of some of our findings to date. We will be publishing a full report in Fall of 2018, alongside a more comprehensive set of resources.

Section II: Annotated Bibliography

Article Title: The State of Change: An Analysis of Women and People of Color in the Philanthropic Sector

Summary and Key Fact: This report was specifically about nonprofit philanthropic

organizations, and surveyed over 900 orgs to get a comprehensive look at employment data within the sector. White women make up 57.4% of the total workforce, and among every ethnicity there are more women present than men. Larger organizations are even less diverse. Black employees make up roughly 10% of the entire workforce, and are concentrated in administrative and professional levels, rather than executive levels where white men are disproportionately represented.

One key fact from this article was that though white men make up only 18.3% of the total workforce, they make up over 40% of executive leadership within philanthropic non-profits

Citation: Mills, Floyd. *The State of Change: An Analysis of Women and People of Color in the Philanthropic Sector*. Arlington: Council on Foundations, 2016. https://www.cof.org/sites/default/files/documents/files/2017-Gender-Diversity-Report.pdf.

Article Title: The Disturbing Lack of Diversity and Will in Environmental Nonprofits

Summary and Key Fact: This article summarizes the findings of a study done by Green 2.0 on

the demographics of nonprofits in the environmental sector. Major findings include the lack of women and people of color present in organizations, male dominance in executive positions, and the disconnect between these organizations and low-income organizations. Unlike other sectors, where efforts are being made to increase diversity (though largely ineffective), the environmental sector shows less interest in improving diversity.

A key fact from this article is that a significant number of talented ethnic minorities are willing and able to work in environmental organizations, but discriminatory hiring practices prevent them from obtaining jobs in such organizations.

Citation: McCambridge, Ruth. *The Disturbing Lack of Diversity and Will in Environmental Nonprofits*. Nonprofit Quarterly, 30 July 2014, https://nonprofitquarterly.org/2014/07/30/the-disturbing-lack-of-diversity-and-will-in-environmental-nonprofits/.

Article Title: Leading With Intent: 2017 National Index of Nonprofit Board Practices

Summary and Key Fact: This article identifies key inefficiencies of nonprofit board composition, practices, performance, and culture. One key problem identified is that boards lack diversity and do not prioritize diversity in their recruitment. This can be detrimental to nonprofits because homogenous boards are more susceptible to blind spots that inhibit problem solving. Therefore, it is crucial that nonprofits prioritize demographics during recruitment to ensure diverse thinking and construct adequate solutions to societal challenges.

One key fact from this article is that 18% of chief executives report satisfaction with racial/ethnic diversity of their board, but only 24% reported placing a high priority on diversity during recruitment.

Citation: Boardsource. *Leading With Intent: 2017 National Index of Nonprofit Board Practices.* 2017. https://leadingwithintent.org/wp-content/uploads/2017/11/LWI-2017.pdf?utm_referrer=https%3A%2F%2Fleadingwithintent.org%2F

Article Title: Race to Lead: Confronting the Nonprofit Racial Leadership Gap

Summary and Key Fact: This article explains the results of their Nonprofits, Leadership, and Race Survey. This survey was released to understand the causes of racial disparities in nonprofit leadership and the reasons why these disparities have remained despite increased focus on training people of color in the nonprofit sector. Based on the responses of over 4,000 participants, Thomas-Breitfeld and Kunreuther identified negligible differences between the education, preparation, and aspirations of white and people of color respondents. However, they observed that the POC respondents were much more likely to report that their race negatively affects them. They reported biases in the form of perceived inability to lead, needing more qualifications to justify themselves, exclusion from social circles, microaggressions, stress of needing to represent a community, etc. These differences point to larger, systemic issues that current, individualistic training programs are not suited to address.

One key fact is that 84% of POC and 76% of white respondents agree that the lack of POC in nonprofit leadership is a structural problem.

Citation: Kunreuther, Frances, and Thomas-Breitfeld, Sean. *Race to Lead: Confronting the Nonprofit Racial Leadership Gap.* 2017.
http://www.buildingmovement.org/pdf/RacetoLead_NonprofitRacialLeadershipGap.pdf

Article Title: Women in the Workplace

Summary and Key Fact: Women are starkly underrepresented in leadership positions across all industries. This under-representation only increases as one advances along the corporate pipeline. In conjunction with being tapped for promotion less frequently, women go out of their way to request promotions or raises are labeled "bossy" and isolated socially from their workplace. As with the other articles, those in the hegemony (white males) think that the problem is not nearly as bad as it is. Companies that have a stronger female presence in upper management perform a lot better than those that do not.

One key fact is that in top performing companies women are 4% less likely to be promoted, as opposed to other companies where they are 18% less likely to be promoted.

Citation: McKinsey&Company. *Women in the Workplace.* 2017. https://womenintheworkplace.com/

Article Title: The Relationship of Board Diversity to Organizational Performance

Summary and Key Fact: The article analyzed 240 YMCA organizations and found that organizations with more diverse boards had higher levels of social performance and fundraised significantly higher amounts of money. Board diversity also allows organizational performance to improve across a variety of other metrics by bringing in new insights and perspectives that are intrinsic to increased diversity. Additionally, the study found that boards with greater diversity allowed the organization not keep their mission of social agency at the forefront of operations. While the study didn't include results of racial diversity due to a lack of racial presence in boards (telling in and of itself), it did analyze gender, occupational background, and a variety of other diversity metrics.

One important quote from this article was: "Board members representing diverse occupational backgrounds were associated with organizations that appeared to place greater emphasis on their social agency mission and had higher levels of contributed revenue" (pg. 1317).

Citation: Siciliano, Julie I. *The Relationship of Board Diversity to Organizational Performance.* Journal of Business Ethics, vol. 15 no.12, Dec. 1996. http://www.jstor.org/stable/25072854.

Article Title: Tech Leavers Study: A first-of-its-kind analysis of why people voluntarily left jobs in tech

Summary and Key Fact: This article summarizes research aimed at determining the reason for poor retention in the tech industry. First, the research found that White/Asian men faced challenges related to their day-to-day job while underrepresented women faced negative treatment based on their identities (gender, race, sexual identity). These negative and unfair experiences were most cited as the reason that people left the tech industry. Estimates say that this cost for turnover of employees are around $16 billion for the tech industry. To combat this, the researchers recommend implementing D&I strategies that include: (1) Having a Diversity and Inclusion director, (2) Setting explicit diversity goals, (3) Paying bonuses for employee referrals of candidates from underrepresented backgrounds, (4) Conducting unconscious bias training, and (5) Establishing Employee Resource Groups (ERGs).

One key statistic from this article is that the annual yearly estimated cost to tech employers for turnover due to unfairness totals over $16 billion per year.

Citation: Scott, Allison, et al. *Tech Leavers: A first-of-its-kind analysis of why people voluntarily left jobs in tech*. Kapor Center for Social Impact, 2017. https://www.kaporcenter.org/wp-content/uploads/2017/08/TechLeavers2017.pdf.

Article Title: If There's Only One Woman in Your Candidate Pool, There's Statistically No Chance She'll Be Hired

Summary and Key Fact: This article summarizes a research study done on status quo bias, or the tendency for one to act in preservation of the status quo. The study found that when participants were asked to choose the most qualified candidate in a pool of 2 women and 1 man, they were more likely to nominate a woman (similar results were found for racial minorities). This research suggests that we can use bias in favor of the status quo to actually change the status quo.

One key finding from this article was: a study of 598 finalists for university teaching positions found when only 1/4 of the finalists was a woman/minority, their odds of being hired were statistically zero. However, when 2/4 were women/minorities that number jumped to 50%.

Citation: Johnson, Stefanie K., et al. *If There's Only One Woman in Your Candidate Pool, There's Statistically No Chance She'll Be Hired*. HBR, 26 April 2016. https://hbr.org/2016/04/if-theres-only-one-woman-in-your-candidate-pool-theres-statistically-no-chance-shell-be-hired.

Article Title: Effects of Racial Diversity on Complex Thinking in College Students

Summary and Key Fact: This article states the results from an experiment to test the effects of racial diversity on complex thinking. The study tests the principle of minority influence, or the idea that the presence of a few group members who hold opinions that are different from those of the majority leads to increased divergent thinking and perspective taking. The study concluded that minorities were perceived to contribute more novel ideas and the presence of a minority increased group's ability to understand an argument from multiple perspectives.

One key finding from this article is: students whom reported racial diversity in close friends and classmates, tended to have higher integrative complexity (this refers to the degree to which cognitive style implements multiple perspectives). This suggests that prolonged contact with racially diverse people may increase cognitive ability and complexity of thinking.

Citation: Antonio, Anthony Lising, et al. *Effects of Racial Diversity on Complex Thinking in College Students*. American Psychological Society, vol. 15, no. 8. 22 July 2003.

Article Title: Self-efficacy: Toward a Unifying Theory of Behavioral Change

Summary and Key Fact: This article argues that motivation is driven by the cognitive processes involved with goal setting and self evaluation. Thus, critical to an individual's motivation is the idea of self-efficacy, or the belief that one has the ability to execute a behavior that will produce desired outcomes. Self efficacy is affected by performance accomplishments, vicarious experience, verbal persuasion, and emotional arousal. Experiments demonstrate that self efficacy is an accurate predictor of performance, which can be utilized in bringing effectiveness to the workplace.

One interesting finding from the experiment was: regarding an experiment with ophidiophobia (people afraid of snakes); subjects successfully executed tasks within the range of their perceived self efficacy produced by the desensitization treatment, whereas they failed at tasks they perceived to be beyond their capabilities (p. 210). This study provides an interesting insight into our psychological approach to fear and goal setting.

Citation: Bandura, Albert. *Self efficacy: Toward a Unifying Theory of Behavioral Change*. Psychological Review, vol. 84, no. 2, p. 191-215, 1977.
https://www.uky.edu/~eushe2/Bandura/Bandura1977PR.pdf

Article Title: Why Diversity Programs Fail

Summary and Key Fact: While many companies have increased focus on diversity, current efforts are doing little to actually increase diversity in the workplace. Diversity training, hiring tests, and performance ratings have all attempted to mitigate implicit biases in hiring and promoting practices, but research has shown little success in these programs. Instead, the authors suggest more organic approaches, such as engaging managers, increasing contact between different groups (gender, race, age, etc.), and implementing opportunities for social accountability. Thus, it is important for diversity to become a part of company culture, rather than something to check off of a list.

One key finding from this article was that organizations tend to become less diverse if it is not properly implemented into the company culture. If managers are forced to attend diversity training and are constantly having their hiring and promoting practices regulated, this could become counterproductive to promoting diversity.

Citation: Dobbin, Frank, and Kalev, Alexandra. *Why Diversity Programs Fail*. HBR, 2016. https://hbr.org/2016/07/why-diversity-programs-fail?referral=03759&cm_vc=rr_item_page.bottom

Article Title: Who Takes the Floor and Why: Gender, Power, and Volubility in Organizations

Summary and Key Fact: This study uses a combination of naturalistic data sets and experiments to show that volubility (total amount of time spent talking) is positively affected by power in men. This effect does not exist in women. In fact, the study indicates that women are correct in thinking they will experience a negative backlash within their workplace environment if they try to talk more than others.

One key finding from this study showed that a female CEO who talked disproportionately longer than others was rated as significantly less competent and less suitable for leadership than a male CEO who was reported as speaking the same way for the same amount of time.

Citation: Brescoll, Victoria L. "Who Takes the Floor and Why." *Administrative Science Quarterly*, vol. 56, no. 4, 2011, pp. 622–641. *Sagepub*, doi:10.1177/0001839212439994. Available: http://journals.sagepub.com/doi/abs/10.1177/0001839212439994#articleCitationDownloadContainer

Article Title: The Voice of Nonprofit Talent: Perceptions of Diversity in the Workplace

Summary and Key Fact: This report, collaboratively made by a variety of diversity institutions, is a comprehensive snapshot on the current state of nonprofit workplace demographics, recruitment techniques, and internal commitments. In addition to presenting the hard data, this report analyzes how each area of operation contributes to the current state of diversity within the sector.

One key statistic from this report showed that over one-third (35%) of the people of color who indicated that they examine diversity during the hiring process, reported having previously withdrawn candidacy or declined a job due to a perceived lack of diversity and inclusiveness.

Citation: Schwartz, Robert, et al. "The Voice of Nonprofit Talent: Perceptions of Diversity in the Workplace." *Commongood Careers*, Commongood & ALPFS, 2011, Accessed: commongoodcareers.org/diversityreport.pdf?_ga=2.33316475.457964265.1519925502-27125451 0.1517190851.

Article Title: The SIlent Rise of the Female-Driven Economy

Summary and Key Fact: This article by Danielle Kayembe shows how most of the structures, technologies, and products we interact with are designed for men by default, even though women represent half of the population. Additionally, women are the largest productive economic force but only receive 2% of venture funding. Thus, Kayembe argues that women represent the single largest opportunity in the market today. She predicts that as women begin to innovate goods and services based on their experiences there will be a fundamental shift in consumer buying, beliefs, and patterns.

One key statistic from this article showed that in 2015, women were receiving 15% of total venture capital funding. In 2017, those numbers have declined to only 2%.

Citation: Kayembe, Danielle. "The Silent Rise Of The Female-Driven Economy." *The Silent Rise of the Female Driven Economy*, Refinery 29, 20 Dec. 2017, Accessed: www.refinery29.com/2017/12/184334/rise-of-female-driven-economy-feminist-economics?linkId= 47465404.

Article Title: Accenture is the First Big Consulting Firm to Publish Race and Gender Stats

Summary and Key Fact: Following the example of tech companies, Accenture consulting conducted a large review of the demographics of its US workforce. No other large operations consulting firm has done such a review. Accenture found that 35.8% of its general workforce was female, and that 50.3% was caucasian. These gaps increased in executive positions, at 68.7% male and 63.3% caucasian.

A major finding of Accenture's internal review revealed that Black and Hispanic employees held only 4.4% and 3.7% of executive positions, respectively.

Citation: Bellstrom, Kristen. "Exclusive: Accenture Is the First Big Consulting Firm to Publish Race and Gender Stats." *Fortune*, Time INC, 8 Feb. 2016. Accessed: fortune.com/2016/02/08/exclusive-accenture-is-the-first-big-consulting-firm-to-publish-race-and-gender-stats/.

Article Title: Like the Vacuuming, Nonprofit Work is Women's Work

Summary and Key Fact: This op-ed, written by sex-ed nonprofit founder Kristen Joiner, discusses a three year research project she undertook to better understand how to get her organization to have a positive impact on teen pregnancy and STI transmission. Joiner had an incredibly hard time receiving funding, and suggests that because nonprofits are predominantly run by female, the majority-male nonprofit investors are significantly more cautious, investing in proven ideas that will have guaranteed incremental returns. This differs from investment within the male-dominated private sector, where investors are significantly more likely to take risks on ideas that promise to disrupt and innovate. If more VC firms invested in ideas, the nonprofit sector could have a significantly greater impact.

Seven out of 10 nonprofit workers are women, while at Fortune 500 companies, 86 percent of corporate executives are men. The nonprofit sector is predominantly female; the private sector is mainly male.

Citation: Joiner, Kristen. "Like the Vacuuming, Nonprofit Work Is Women's Work." *Stanford Social Innovation Review*, Stanford University, 12 June 2015. Accessed: ssir.org/articles/entry/like_the_vacuuming_nonprofit_work_is_womens_work.

Article Title: Women Matter: Time to Accelerate; Ten Years of Insights Into Gender Diversity

Summary and Key Fact: This report by McKinsey, the 10th in as many years, takes a comprehensive look at the current position and potential of women in the workforce. Stocked with a wealth of information, the report specifically identifies key labor shortages in all positions that women are in a unique position to fill, as well as the business advantages to promoting this gender equity. It also identifies systematic disadvantages in place that must be rectified if we are to achieve gender parity in the global workforce.

One key piece of research analyzed 300 companies and found a difference in return on equity of 47 percent between the companies with the most women on their executive committees and those with none, and a 55 percent difference in operating results. Additionally, these companies did better in every dimension of organizational performance.

Citation: McKinsey & Co. "Women Matter Time to Accelerate Ten Years of Insights into Gender Diversity." *McKinsey Global Institute*, McKinsey & Co., Oct. 2017. Accessed: www.mckinsey.com/~/media/McKinsey/Global%20Themes/Women%20matter/Women%20Matter%20Ten%20years%20of%20insights%20on%20the%20importance%20of%20gender%20diversity/Women-Matter-Time-to-accelerate-Ten-years-of-insights-into-gender-diversity.ashx.

Article Title: The State of Diversity in Nonprofit and Foundation Leadership

Summary and Key Fact: This study looked at both for-profit and nonprofit companies, identifying key areas where both fail on diversity and where an increased focus on pro-diversity practices would have the most outsized impact.

One very interesting finding of the study found that conducting blind interviews increase the likelihood that a woman would be hired by between 25 and 46%.

Citation: Medina, Susan. *The State of Diversity in Nonprofit and Foundation Leadership*. Battalia Winston, 2016. Accessed: http://www.battaliawinston.com/wp-content/uploads/2017/05/nonprofit_white_paper.pdf

Article Title: Lead From the Top: Building Sustainability Competence on Corporate Boards

Summary and Key Fact: This report by Ceres looked into the top-down steps companies can take to improve their sustainability. One of the most important steps it identifies is in promoting board diversity. The report finds that by fostering diversity in board composition, you gain views from different backgrounds, resulting in a diversity of ideas that is very beneficial to promoting innovation and improved performance.

A key statistic from this report states that as many as 94% of all S&P 500 company board nominees have a close connection to an existing director at the company.

Citation: Ramani, Veena. "Lead From the Top: Building Sustainability Competence On Corporate Boards." *Ceres*, Ceres, 14 Sept. 2017. Accessed: www.ceres.org/resources/reports/lead-from-the-top?report=view.

Article Title: The Gender Gap in Career Progression of Former Management Consultants: Evidence from LinkedIn

Summary and Key Fact: This article discusses a project by Yale grad Shuyan Li to analyze the gender gap in management consulting using LinkedIn. By running a program and applying a regression, Li was able to see the entry, and progression of professionals who entered management consulting. Though similar of men and women entered the field, differences began to emerge as the years progressed and examples from each gender experienced career gaps or began pursuing jobs in other fields.

Li's study specifically found that females are 26.8% less likely than men to have the title "Vice President", and 68.4% less likely to have the title "Chief Executive", ten years after starting their consulting job.

Citation: Gilman, Matt. "The Gender Gap in Career Progression of Former Management Consultants: Evidence from LinkedIn." *Yale Economic Review*, 13 Feb. 2015. Accessed: www.yaleeconomicreview.org/archives/article/the-gender-gap-in-career-progression-of-former-management-consultants-evidence-from-linkedin.

Article Title: The State of Diversity in Today's Workforce

Summary and Key Fact: This report talks a broad look at the diversity in the US's workforce, and how it compares to the demographics of the country as a whole. The report presented some startling statistics regarding the employment of women, POC, and disabled Americans. It analyzed not only general employees, but also C-Suite and board member composition.

This report found that in the nonprofit industry, 82 percent of employees are white, which drastically differs from the total US working-age population where 64 percent of the working age population is white.

Citation: Burns, Crosby, et al. "The State of Diversity in Today's Workforce." *Scribd*, Center for American Progress, July 2012. Accessed: www.scribd.com/document/99937416/The-State-of-Diversity-in-Today-s-Workforce.

Article Title: What's Race Got to Do With It? Critical Race Theory Conflicts with and Connections to Qualitative Research Methodology.

Summary and Key Fact: The article discussed how the emerging study of Critical Research Theory (CRT) allows for a more holistic evaluation of the disadvantages facing minorities from the very beginning of their education. This article specifically talks about how often times inherent power dynamics between white researchers and minority respondents leads to studies that exhibit misleading results or certain unconscious biases. Though this paper focused on education, the CRT lens allows for an analytical methodology that can easily be applied to issues of diversity within any field, especially nonprofits.

The article found that education has tended to undervalue the voices of Chicano students by focusing too much attention on Chicano school failure without exploring how these students make sense of their own lived realities.

Citation: Parker, Laurence. "What's Race Got to Do With It? Critical Race Theory Conflicts With and Connections to Qualitative Research Methodology and Epistemology - Laurence Parker, Marvin Lynn, 2002." *Sagepub*. Accessed: http://journals.sagepub.com/doi/abs/10.1177/107780040200800102#articleCitationDownloadContainer.

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The report showed that though white men make up only 18.3% of the total workforce, they make up over 40% of executive leadership within philanthropic non-profits

Citation: Mills, Floyd. "The State of Change: An Analysis of Women and People of Color in the Philanthropic Sector." *Council on Foundations*, 15 Nov. 2017. Accessed: www.cof.org/content/state-change-analysis-women-and-people-color-philanthropic-sector.

Section III: Preliminary Findings and Analysis

Based on preliminary research, here are common themes or topics that we noted across a number of different reports and studies. We found these to be of particular interest because our literature review did cut across sectors, industries and disciplines.

- **Key Finding Number #1.** We noted that research consistently shows that the lack of women in upper level positions is correlated with lower productivity among staff and lower profitability for organizations overall.
- **Key Finding Number #2.** We noted that diversity within company leadership translates to diversity of ideas, which increases performance in a variety of business metrics, as well as attracts more diverse people to the organization. ot
- **Key Finding Number #3.** Many organizations state diversity as a core value, but research shows little change in gender and racial diversity across all sectors. Thus, it is important that organizations implement tangible practices, such as diversity hiring goals, and increased female mentorship, and impact measures to reach greater diversity and inclusion in the workplace.
- **Key Finding Number #5.** Research has also shown that the existence and/or effect of implicit or unconscious bias is still not fully accepted and many organizations are still not able to effectively counter its effects in hiring, promotion and retention practices.

Section IV: Conclusions and Next Steps

Our analysis to date has shown that there is science and a strong evidence base to draw upon while doing diversity and inclusion work, and Quantum Impact and our researchers are continuing to review additional research, and identify key lessons learned and best practices that we can use to help us increase impact in our sector. We will be released an updated literature review, along with a resources toolkit in late 2018.