

Companies may benefit from transparency about racial diversity efforts

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Companies that reveal their struggles to increase racial diversity in their workforces are perceived as more trustworthy and committed to diversity than companies that remain silent, according to research published by the American Psychological Association.

"We suspect that many companies fear that revealing lagging [diversity](#) numbers will undermine their reputation and credibility, so they don't disclose that information, but that strategy may be misplaced," said lead researcher Evan Apfelbaum, Ph.D., an associate professor of

management and organizations at the Questrom School of Business at Boston University.

"Our research found that disclosing a lack of progress is a more effective way to signal that the company truly cares about diversity than suppressing this information."

In the wake of the murder of George Floyd and the growth of the Black Lives Matter movement, many companies made public commitments to increase [racial diversity](#) within their workforces, but few of them have released diversity data about their employees.

As part of this study, published in the [Journal of Experimental Psychology](#), the researchers used data from 30 [major corporations](#) that voluntarily disclosed their racial diversity data in annual reports to the U.S. Equal Employment Opportunity Commission. The corporations included Apple, Facebook, eBay and Verizon.

Overall, the reports revealed low levels of racial and [ethnic diversity](#) in the companies' workforces, with only 3% of senior management positions filled by Black employees and 4% by Hispanic/Latino employees. The reports as a whole also showed little progress in improving racial diversity from the previous year.

In one experiment, 2,000 online participants were randomly assigned to consider one of the 30 companies after being told that the company had made public commitments to increase underrepresented racial and [ethnic groups](#) in their personnel over the coming year. Half of the participants then received the actual diversity reports from those companies, which disclosed their lagging diversity numbers. The other half were told that the companies had reaffirmed their diversity goals but the diversity reports weren't shared.

Participants who read the diversity reports viewed those companies as more transparent, trustworthy and genuinely committed to diversity than participants who didn't see the reports. Even though the diversity data in the reports was predominantly negative, participants believed those companies had made significantly more progress in advancing diversity than when companies concealed that data.

Disclosing the diversity data didn't impact how racially diverse participants thought a company was, but it influenced their opinions about the company. Companies were viewed as more genuinely committed to diversity, versus just paying lip service to the issue, when the companies disclosed negative diversity data than when they remained silent.

The race of the participants didn't affect the findings except for some evidence that Black participants were less prone to view transparency as a sign of a company's genuine commitment to racial diversity.

Three additional experiments had similar findings, with no situation where it was more advantageous for a company to withhold unfavorable workforce diversity data than to disclose it.

Approximately 95% of the largest companies in the United States hadn't disclosed the diversity of their workforces to the public, according to previous research in 2021.

"Companies' concerns about their reputation are legitimate, but our findings suggest that their intuition that transparency will harm their reputation may be incorrect and that the opposite may be true," Apfelbaum said.

More information: Evan P. Apfelbaum and Eileen Y. Suh, Transparency about Lagging Diversity Numbers Signals Genuine

Progress, *Journal of Experimental Psychology* (2023). DOI: [10.1037/xge0001489](https://doi.org/10.1037/xge0001489). [www.apa.org/pubs/journals/rel ... s/xge-xge0001489.pdf](http://www.apa.org/pubs/journals/rel/s/xge-xge0001489.pdf)

Provided by American Psychological Association

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