<div style="border:1px solid">CHAPTER ONE</div>

THE MERITOCRACY MYTH: IS THE PLAYING FIELD LEVEL?

I arrived in the lobby of the New York headquarters at 2:47 P.M. It was Thursday. The highly respected general counsel of the corporation came down to greet me. The sound of his Berluti shoes against the marble floors heralded his arrival long before we shook hands. He quickly escorted me past security and up to the 34th floor, where I would meet three of the CEO's most trusted advisers. Going from office to office and from pinstripe suit to pinstripe suit, I began to sense the unspoken dynamics of this company. After decades of advising international law firms, major financial services institutions, and other multinational conglomerates on organizational development and diversity issues, I've developed keenly astute antennae for detecting the kind of subtle issues that aren't addressed by typical diversity protocols. The uniformity of these offices and the senior managers in them were disturbing. Each one felt exactly the same as the next: impressionist style artwork on the walls, deep mahogany furniture arranged in identical fashion, and one family photo placed at the upper-right corner of the desk. By the time I was introduced to the last executive, I was convinced that this company had a complex, systemic problem, but it was not the problem the firm had called me to address.

These are the types of companies that highly paid diversity consultants visit every day. Usually, management calls in the consultants because an "incident" has occurred. The consultants are often afterthoughts, contacted only when a potentially litigious problem surfaces. And the solutions offered by the majority of diversity gurus are mostly superficial, cookie-cutter programs that

don't address the root issue: unearthing and removing hidden bias in organizational structures. They can offer boxed solutions for the blatantly obvious, but nobody is checking for the subtle signs of hidden agendas. This is the disturbing void in current diversity methodologies.

A CONTRADICTORY PICTURE

Even as corporate America applauds its diversity efforts, hails the triumph of a true meritocracy in the workplace, and parades its principles of fairness, decades of research documenting thousands of workplace experiences of people of color, women, and gays and lesbians paint a nettlesome, contradictory picture. The quantitative and qualitative findings lead to one sobering conclusion: the twenty-five-year diversity crusade by corporate America has been a costly failure leading to stunted careers, wasted money, and disillusioned observers.

This unfortunate reality exists despite the estimated $8 billion spent annually on diversity efforts—including advice on recruitment, diversity training, career development, and community outreach—according to Thomas Kochan of MIT's Sloan School of Management (Hansen 2003). Further, a recent study by researchers at the University of California, Harvard University, and the University of Minnesota concludes that diversity training may, in fact, increase managerial bias (Kalev et al. 2006). Often the end result is even more damaging and leaves employees dissatisfied. A two-year study released in 2004 by the National Urban League found that only 32 percent of 5,500 American workers surveyed believed that their employers had an effective diversity initiative (Peoples 2004). Why? Because corporate America and much of the diversity consultant industry has operated, and continues to operate, under some fundamentally flawed assumptions about what works and what doesn't.

Consider these faulty assumptions:

• The most qualified person for a job can be clearly determined.
• Businesses hire the most qualified people.
• Most managers aren't biased.
• Objective performance criteria can be easily established for any job.

- Once a person is hired, everyone has an equal opportunity to succeed, limited only by individual abilities.
- If a person works hard enough, he or she will be recognized and rewarded.

Each of these assumptions undoubtedly harbors an element of truth, and we more readily recognize experiences that confirm these assumptions rather than those that raise questions as to their validity. Yet each contains a substantial helping of subjectivity. (More information about how the brain works and the "brain–hidden bias connection" is presented in Chapter Five.)

For example, at many companies, employees are evaluated by their ability to bring in new customers or clients. Sounds objective, right? But what about those customers or clients whose experiences and comfort zones may put women, gays and lesbians, and people of color at an unfair disadvantage? Consider these scenarios:

- An older male client might not be comfortable dining out alone with a young female salesperson. He may worry about appearances at least and temptation at most.
- If a client has never worked with or befriended a person of color, would the client feel comfortable placing a major order or signing a hefty services contract with a person of color?
- Suppose a prospective customer is expected to socialize with a gay vendor but can't imagine bringing her spouse to dinner with the vendor and his partner.
- A Caucasian child of privilege walks into the new job with a Rolodex full of wealthy and well-positioned family friends. Is it fair to compare this worker's business development or sales results with others who do not have privileged access?

Despite such challenges, "Bringing in business is an objective measure of performance" is a frequent refrain of companies' senior managers responsible for hiring, promoting, and firing.

Consider another example. Most companies espouse an "Our client comes first" position. But what does a manager do when a client makes a thinly veiled racist comment? In one of the incidents recorded during research by the Level Playing Field Institute, a senior manager faced this circumstance: During a conference call,

a client said, "This is a really big deal. I don't want any affirmative action hires on this one." In such a case, does the client still come first? If the manager already intended to put a highly competent African American saleswoman on the deal, would he change the assignment to suit the client? Would that be fair? At first glance, the "client first" policy sounds wholly reasonable and within the bounds of acceptable practice, but as it plays out in the context of racism and bias, it becomes problematic.

With so many nuances tied to conventional ideas of what is a fair workplace for all, it becomes even more clear that the belief that diversity efforts should be heavily focused on recruitment—getting talented people from various racial, ethnic, and cultural backgrounds in the door and everything that follows will occur organically—is overly simplistic and misguided. It's a pedestrian approach, devoid of any understanding of the intangible issues that dominate workplace environments, such as an unwelcoming culture, self-serving delusions about meritocracy, and the subtleties of bias.

When a senior human resource executive prefaces every mention of an applicant of color by calling her a "qualified" applicant, the unstated assumption is that most female applicants of color are unqualified, so this particular issue must be categorized differently. That's subtle bias at play. When a CEO whose company's products have a direct connection to consumers of color doesn't see the business case for diversity, it signals a willful ignorance that will surely permeate that company's culture and adversely affect employees.

Based on my decades of experience conducting workplace surveys, designing and delivering training, and consulting to employers who are concerned about issues of bias, discrimination, and/or harassment, a framework has emerged to describe the large "buckets" of issues I've encountered. The framework was further refined by thousands of conversations with managers and professionals who had voluntarily left their employers due to the cumulative effects of experiencing subtle, hidden bias. This hidden bias, exhibited (in many cases) by well-intentioned individuals, evolved into hidden barriers in companies. Often barriers were the seemingly neutral or objective systems used for hiring, assigning, evaluating, promoting, and firing employees.

DEVELOPMENT OF HIDDEN BARRIERS

For people of color, gays and lesbians, and women of all backgrounds, hidden biases can become hidden barriers in three major areas:

- **Commitment of the Leadership**   If senior managers' experiences are vastly different from those of their employees, can management really empathize? Do they really understand the experiences and perceptions of those who are different? Do their day-to-day business decisions actually reflect the laudatory diversity goals of their companies?
- **Mentoring, Career Development, and Feedback**   Who gets shown the ropes? For whom is a misstep a predictable point on the learning curve, versus a confirmation of incompetence? Who is given direct, specific performance feedback in a timely fashion so that they know what to continue doing and what to change?
- **Unwelcoming Environment**   These instances take the forms of omission and commission. Who is never considered for the "stretch assignment" or the after-work drink? Who gets peppered with well-meaning, but nonetheless offensive, comments, questions, or jokes?

People of color and gays and lesbians are further confronted with another category:

- **Stereotypes**   Can they ever simply be seen as typical individuals with quirks and strengths, or are they always representatives of their "groups"? Being African American, Latino, or gay is often a key part of one's identity and experiences in the world, but this doesn't predict all of a person's interests, traits, and abilities.

Women of all backgrounds face an additional hurdle:

- **Balancing Career and Family**   Can a woman who has stepped off the fast track ever get back on?

Every employer can benefit from auditing company practices and culture from this framework. How much do the experiences and perceptions of employees diverge by race/ethnicity, gender, or sexual orientation (or a number of other factors)? In an era of fierce global competition, if businesses need teamwork more than ever, how can a well-functioning team be built to include those who traverse the same hallways but whose experiences are dramatically different?

Those who "voluntarily" leave their jobs constitute unwanted turnover for everyone: the employer who has invested in training, the employee who invested his or her education and hopes, and the society that needs efficient, well-run enterprises. Still, one breed of CEO tries to explain away anemic retention rates by saying that certain employees aren't "team players" and "don't fit in." These may sound like perfectly logical explanations, but they are subjective, destructive terms that indicate idiosyncratic, cultural norms that often exclude people of color, women, and gays and lesbians.

A remarkable pattern of rewriting history occurs after employees walk out the door. The previous star performer is too often recast by management as a marginal employee, not tough enough to survive the brutal pressures of global business. This is just one example of many types of hidden barriers and psychological hazards that hardworking employees face every day. These barriers, though not the blatantly discriminatory practices that can be fought in the courts, remain the largest impediment to success for many workers across the nation.

INCIVILITY + UNFAIRNESS = TURNOVER

American workplaces are increasingly characterized by a lack of civility and a lack of fairness. The gap between what is stated and what is practiced, or between aspirations and actualities, is widening. Cynicism and a broken compact between employer and employee are filling an ever-expanding space. What is the relationship among growing incivility, unfairness, and unwanted turnover?

This is what the Level Playing Field Institute, in cooperation with Knowledge Networks, recently set out to determine. We began with a nationally representative sample of 19,000 people; this, in turn, yielded 1,700 professionals and managers who met our cri-

teria of salaried individuals who voluntarily chose to leave their jobs between 2001 and 2006. We sought to answer three questions:

1. What is the effect of unfairness on an employee's decision to leave his or her employer?
2. What is the financial cost to employers due to voluntary turnover based on unfairness?
3. What, if anything, could employers have done to retain employees who left a job due to unfairness?

As it turns out, managers and professionals from all walks of life and across all sectors are subjected to a barrage of uncivil treatment. Not only does inappropriate conduct raise questions in the minds of employees about their company's commitment to fairness, but it also affects morale, productivity, and corporate reputation. All of these outcomes have a measurable negative consequence on the bottom line.

THE PRICE TAG

What's the impact of working while being mistreated? In one year, 5.5 percent of the managers and professionals in our survey voluntarily left their jobs, citing *unfairness* as the *only* reason for their departure. (A list of the unfair/negative behaviors that they experienced "during the past year" at their former employer is shown in Table 1.1.) A full 43.5 percent of survey respondents cited their negative experiences as having "a great deal" of influence on their decision to leave a position. And what is the annual cost to U.S. businesses for the voluntary turnover of managers and professionals due solely to unfairness? An eye-popping $64 billion.

Let's put the $64 billion in context: here are other expenditures totaling the same sum:

- U.S. government's Information Technology budget for 2007[1]
- 2006 combined revenues of Google, Goldman Sachs, Starbucks, and Amazon.com[2]
- Amount allocated by the United Nations in oil revenues during the lifetime of the "Oil-for-Food Program" in Iraq[3]
- India's estimated outsourcing industry's value by 2012[4]

TABLE 1.1. BEHAVIORS EXPERIENCED IN PAST YEAR AT PREVIOUS EMPLOYER

Rudeness	50.4 percent
Having co-workers at a similar or higher level who are less educated or less experienced than you	46.1
Others taking credit for your work	39.0
Being given assignments that are usually considered below your job level	38.9
Feeling excluded from the team	35.7
Being stereotyped	23.5
Being bullied	22.9
Being excluded from key social groups	22.8
Being unable to acquire benefits	20.2
Offensive jokes	19.3
Being publicly humiliated	18.8
Being passed over for a promotion due to your personal characteristics	15.7
Being asked about your religious practices	13.7
Having your identity mistaken for someone else	9.2
Unwanted sexual attention, such as pressure for dates, teasing, jokes, remarks, or questions	8.7
Unwelcome questions about your skin, hair, or ethnic attire	7.2
Being subjected to offensive materials, such as photos, Internet sites, or e-mails	7.2
Being asked to attend more recruiting or community- related events than others because of your race, gender, religion, or sexual orientation	5.1
Being compared to a terrorist in a joking or serious manner	2.0

- Cost of pollution to China in 2004[5]
- Amount the entire European Union donated in development aid in 2006, representing 0.42 percent of gross domestic product (GDP)[6]
- Roughly equivalent to the 2005 GDP of Bangladesh (55th largest GDP of the 184 tracked by the World Bank)[7]

The experiences of inappropriate conduct and unfairness that lead to voluntary turnover of professionals and managers are not evenly distributed across all groups. For example, racial minorities experience being stereotyped about twice as often as their Caucasian male counterparts. Gays and lesbians experience rudeness substantially more often than Caucasian heterosexual men. People of color receive requests to attend recruiting/community events nearly five times more often than their white male colleagues. (While this may seem reasonable, if it doesn't "count" toward developmental assignments, bonuses, promotions, or other recognition, their participation is being valued for one and only one dimension.) White women are subjected to materials they find offensive, such as pornographic photos, Internet sites, or e-mails.

Surprisingly, however, practitioners and academics have never fully "connected the dots" among the range of complex dynamics at play in these situations. These dynamics include race and gender stereotyping, exclusion, in-group favoritism, inability to fit in, and the cumulative impact of micro-insults—the daily slights, snubs, bad jokes, and omissions that pose an extreme challenge to corporations everywhere. Nor is anyone exploring the complexities of our beliefs about what is fair or looking at a comprehensive approach as a tenable solution. Companies are too focused on checklists and platitudes, add-on programs, and "Best of . . ." rankings. Ironically, many companies are driving out some of their best talent due to the lack of a rigorous understanding of subtle bias and the hidden barriers that cause underrepresented groups to feel excluded or devalued. This has far-reaching business and economic ramifications.

It is important to note that many of those driven out migrate to non-profits or public service. Many privileged women, especially Caucasian women, stay home with their children after earning advanced

degrees and logging a decade or more in top-tier corporations and professional services firms. They bring many skills to their unpaid work as board members of private schools and non-profits.

Similarly, many people of color and gays and lesbians find themselves wanting to do work they believe is more authentic or rewarding. A very gifted programmer, who happens to be gay, is now teaching math in New York public schools. An African American man who completed a Ph.D. in molecular and cell biology and earned a prestigious postdoctoral fellowship at a biotech firm now finds himself wanting to do outreach with inner-city kids to help them stay in school. The real contribution each of these people makes to society should not be overlooked; however, if their previous employers had been more welcoming and more flexible, perhaps they could be contributing in multiple arenas.

DIVERSITY POSTER CHILD— OR PROBLEM CHILD?

A few years ago, a major consumer products giant made a multi-million–dollar investment into expanding its businesses in Asia and spared no expense in attracting a highly sought-after talent pool. The group was run by a hard-driving manager from Texas, who had taken startup divisions and turned them into full throttle, profit-generating machines during his twenty-year tenure with the firm. The manager also had an equally long reputation for telling racial, gender-based, and ethnic jokes that often offended his staff but were generally considered harmless by his superiors.

Focused purely on the manager's proven business acumen, the CEO and his strategic advisers never considered the ramifications and reputational risks of selecting this man to head a division with mostly Asian American employees. But in a few months, a groundswell of complaints reached human resources. He frequently made jokes about Asian food, routinely confused employees with his Texas colloquialisms, and made no concerted effort to pronounce each associate's name correctly. On one occasion, employees finally reached their boiling point: When the manager mispronounced a name, yet again, and was gently corrected, he joked, "Well, your names are all inter-Chang-able." A few hours later, all the Asian American employees in the division resigned—

nearly a dozen people. "If they can't bother to learn my name and to be respectful, why should I stay here sixty-five hours per week making them wealthy?" one argued.

The team's mass resignation cost the company real dollars, both in the short and long terms. The company suffered from lost productivity as the employees felt increasingly demoralized. It suffered reputational damage as the employees told friends from school, in the industry, and clients about their treatment. Servicing existing clients with such a huge shortage of talent caused problems that undoubtedly resulted in lost repeat business. In the aftermath, high costs were incurred with replacing and retraining employees.

A look at this manager's graduate school transcripts or GMAT scores wouldn't reveal his true asset and liability profile. No realistic assessment was made of his cultural competence, implicit bias, or people management skills. Situations like this prove that business needs a fresh approach and a more targeted assessment that would reveal a prospective manager's real net value to a company.

Even more telling, news of the incident that traveled throughout the industry was met with surprise—no one suspected that such a hostile environment existed at this company. After all, last year the CEO and his direct reports approved a final budget of $1.8 million for implementing worldwide diversity efforts. The human resource managers were quick to recite statistics on company-wide Asian representation (which were intentionally misleading, since they included those who actually resided in their respective Asian countries of origin rather than only those who were Asian American). The chief diversity officer could easily deliver a dossier of every diversity training, roundtable, and networking event the company had hosted that included Asian American representation. Managers mentioned the countless career fairs, the formal mentoring program, varied diversity committees and employee resource groups, and the widely distributed, eight-page, superglossy diversity brochures that touted more than forty thousand hours spent on training in the previous year.

It would seem to some that this company was a diversity poster child. It had clear goals and a working strategy. Yet, as in the diversity movement as a whole, something had gone terribly awry. For one, the diversity program was just garnish—something the company added on for cosmetic purposes. It wasn't an ideal that the

company had instilled in its corporate culture, starting from the CEO on down. And just like the group of talented Asian Americans that quit en masse, thousands of people of color, women, and gays and lesbians paint a stark and contradictory picture to the much improved landscape some diversity pundits would like to purport.

THE DRIPPING PIPE

In the end, this situation is not about the diversity movement or the deep-pocketed companies that have supported the multi-billion–dollar industry of diversity recruiting, consulting, and training. In the end, the real losers are the talented employees from varied backgrounds who bring their hopes, dreams, and aspirations to the workplace every day in an attempt to reach their full potential. Others show up with the expectations of their parents, extended families, communities, and peer groups weighing heavily on their shoulders in their quest to "make it." But when they arrive at work, they must often leave a part of themselves at the door. They know that they cannot be fully appreciated and valued. They know that the wholeness of their lives and all that their experiences can contribute are not welcome.

Instead, the reality of work for many is a constantly dripping pipe of daily indignities that cumulatively lead to feelings of isolation and distrust—and ultimately to extraordinarily high rates of voluntary turnover that is unwanted, and often unexpected, by the employer and employees alike.

Drip. A company evaluates employees on their ability to work effectively and win the confidence of major existing and prospective customers and clients, but it doesn't consider whether those individuals are capable of exercising objective business judgment any more so than the company's own managers. The customer's management team that likes to take business partners hunting for the weekend or go to strip clubs to celebrate major milestones isn't likely to view a person of color, a woman, or a gay or lesbian co-worker as the same kind of close, trusted business colleague as someone with the same background who shares their tastes in extracurricular activities.

Drip. A sole Latino senior manager at a Fortune 500 company gets frustrated by doing three jobs and being paid for only one. He

must do his work impeccably; he must sit on every company diversity task force, participate in every roundtable or conference, and attend every community or recruiting dinner; and he must keep an open-door policy as mentor to every new "minority" hire. And then consider the ever-present sins of omission: "We didn't invite Enrique from accounting for a round of golf because we assumed he doesn't play." Eventually, that kind of exclusion becomes exhausting, but it's a reality that many employees of color must face.

MEET ERIC, KRISTEN, AND MIGUEL

Eric Johnson is a Princeton graduate and Stanford MBA who grew up in a working-class African American neighborhood outside Detroit, where everyone, including his parents, worked for the automobile industry. (In Eric's case, his parents worked for companies producing parts for the automakers, so they lacked the better pay and benefits accorded to union members.) Eric thinks in shifts and in calculated time blocks for his personal and professional goals. More strikingly, in Eric's life, his family fortunes and misfortunes, happy and unhappy moments, were dictated by big business. When things were going well for the auto industry, things were good at home. His parents got along well and provided the family with gifts, vacations, and new clothes. But when things were bad at work, Eric experienced the stress and anxiety of economic downturn at the dinner table. It permeated the air in his home. So it seems odd that Eric is so vehemently drawn to big business and its dynamics. But he is resolved to overpower big business—to understand it, tame it, and subjugate it. This determination has fueled his career ambitions.

Kristen Van Der Camp is a resolute white woman who grew up on a farm in Nebraska and focused on her books after being teased in school for wearing thrift-store clothes. The agricultural economy of rural America was just as fickle and unpredictable as the forces that had influenced Eric's upbringing. Droughts and hailstorms could destroy a farm family's source of income without warning. For Kristen, a job in the business world was the key to escaping a life of constant financial uncertainty.

Miguel Rodriguez was raised by his mother in New York City. Miguel's father had come to America seeking refuge from the

political turmoil of Cuba, but he died when Miguel was five years old after he received poor medical care for what began as an easily treatable condition. As a boy, Miguel often accompanied his mom on weeknights to her late night shifts cleaning offices. There, he saw the computers and users' manuals for Lotus 1-2-3 as the first sign of professionalism and success. Twenty years later, he had the opportunity to meet the founder of Lotus, who funds scholarship programs for underrepresented students of color. Miguel's wife is employed as a teacher in one of the programs.

In this book, you'll follow Eric, Kristen, and Miguel on their respective journeys as they encounter and address hidden barriers and other subtle effects of bias in their workplaces and personal lives. They are composite characters based on three decades of consulting work and material gathered from surveys, interviews, and focus groups with hundreds of thousands of employees from around the globe.

The stories from which Eric, Kristen, and Miguel's experiences are culled were part of what motivated me to found the Level Playing Field Institute—a San Francisco–based non-profit that promotes innovative approaches to fairness in higher education and workplaces by removing barriers to full participation.

When persons of color, lesbians or gays, or women share with Level Playing Field Institute researchers reasons for their leaving jobs at Bank of America, General Foods, Cisco, Deloitte Touche, or any one of dozens of other companies, their experiences and perspectives are reflected in the career journeys of Eric, Kristen, and Miguel. In this book, they are presented as whole individuals—you'll have insights into their family backgrounds and other circumstances that impacted their life choices, education, academic affiliations, work experiences, and the colleagues and mentors who influenced them. You'll begin to understand that only by considering the whole individual can we create a new value system that effectively roots out the hidden biases that beget hidden barriers in the workplace.

You will see both differences and similarities in their stories. For examples, Eric's determination to subjugate business is much like Kristen's ardor to get off the farm, which she did—landing in the belly of Boston due to an academic scholarship to Harvard, where she received her BA and MBA. She was among the top of

her class and received multiple awards and job offers, but she still had a hint of a farm girl's earnest need to succeed simply by working hard, along with some traditional ideas about the importance of family. These tenets are sorely tested in her career, where organizational culture and informal policies often determine success as she toils for a company that offers no flex-time, long hours that snuff out any social or family life, and no childcare facilities.

Miguel's cultural background also taught him to succeed on his own terms. As a boy, he lived in a small, cramped apartment shared with extended family members. By accompanying his mother at night to empty the wastebaskets and clean the toilets of those who, by accident of birth, were in charge, he was taught the value of working hard, the importance of community and caring for extended family members, and the quiet strength of humility. Miguel had a will to succeed and showed signs of academic excellence early in his school career, but his mother warned him not to brag or think too highly of himself and his accomplishments. She would say, "*!Ay, qué espectáculo!*" Although he is not fluent in Spanish, he has picked up such idioms from their constant refrain. How will Miguel and these cultural beliefs fare in a work environment that favors self-promotion as he competes with colleagues who actively practice impression management techniques?

CONCLUSION

Clearly, whether on an individual, company, or societal level, a fresh approach to diversity is required—not a one-size-fits-all way of thinking that starts with a legal framework (you're either a protected class and can sue us or not) but a deeper and richer approach, based on rigorous research that distinguishes between the different levels and types of hidden barriers. This approach must provide a deep understanding of bias and how it pervades business and hiring decisions. It must allow for a broader evaluation of what actually makes a candidate qualified. This new approach to creating fair workplaces is laced with an acute understanding of the business imperative to stem the loss of talented women, people of color, and gays and lesbians from America's top companies. Without these talented employees, American businesses will face defeat in the increasingly competitive global landscape.