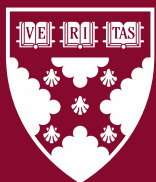


Working Paper 23-053

Differentiating on Diversity: How Disclosing Workforce Diversity Improves Brand Attitudes

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Differentiating on Diversity: How Disclosing Workforce Diversity Improves Brand Attitudes

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Abstract: Companies are facing increased pressure to “walk the talk” on diversity, equity, and inclusion (DEI) in their operations. One specific call-to-action from stakeholders is the public disclosure of EEO-1s. Companies with 100+ employees are federally mandated to annually report the intersectional diversity data of their workforce in the EEO-1. We examine how consumers perceive the strategic decision companies make regarding whether to disclose workforce diversity information. We find no evidence that a company’s disclosure of its workforce diversity data negatively affects attitudes or perceived company commitment to diversity, even when it reveals racial disparities across job categories. Instead, we find that consumers perceive firms that disclose their workforce data more positively and to be more committed to DEI initiatives, relative to firms that choose not to disclose, particularly when these disclosures reveal diversity within the workforce.

Key words: Diversity, equity, and inclusion (DEI), consumer behavior, operational transparency

1 Introduction

Following the Black Lives Matter protests ignited by George Floyd’s murder in May 2020, major companies faced significant pressure from consumers and shareholders to increase diversity, equity, and inclusion (DEI) in their operations, and were called upon to make transparent the racial and ethnic composition of their workers (Orme 2022). In this research, we investigate how customers respond to the public disclosure of workforce diversity data. Our results suggest that when companies with labor-intensive operations disclose workforce demographic data, consumer attitudes toward the company are not harmed even if that data reveals a disparity in the representation of people of color. Furthermore, when these disclosures reveal some amount of diversity within the workforce, consumers report higher perceived corporate commitment to DEI initiatives and improved attitudes toward the company.

Often, implementing various forms of customer-facing operational transparency requires targeted data-collection efforts to gather the relevant information. However, pursuant to the Civil Rights Act of 1964, every private sector employer with 100 or more employees is required to collect and annually report the gender, race, and ethnicity of its workforce, by job category, to the U.S. Equal Employment Opportunity Commission. These resulting EEO-1 reports (EEO-1s) are kept confidential by the federal government,

but company leaders face a choice about whether to publicly share the data. Although the percentage of companies in the Russell 1000 Index that disclose data from their EEO-1s has more than doubled from December 2019 to January 2021, the overall percentage of disclosures remains low at 6.3% (Vaghul 2021).

This apparent hesitation to release workforce diversity data may be due to leaders lacking pride in their progress to diversify their ranks and concerns about how transparency may undermine consumer perceptions. By construction, the EEO-1 requires companies to report intersectional diversity data at the job category level. As such, for some labor-intensive companies, the EEO-1 may reveal that people of color are simultaneously over-represented in low-wage positions (e.g., warehousing) and under-represented in high-wage positions (e.g., corporate work). For example, Amazon's release of its 2020 EEO-1 suggested that three in every five workers hired to cover the pandemic surge were people of color, but only 3.6% of its executives were Black (Day 2021). Companies in similar positions may be wary to disclose their data as doing so could spark outrage by affording consumers greater transparency into racial disparities among job roles.

Recently, leaders have been thinking about diversity in the context of hiring, as research in organizational behavior suggests a direct benefit to team diversity: diverse teams bring diverse knowledge, expertise, creativity, and innovation (see van Knippenberg and Mell 2016 for review). In addition to the direct, internal consequences of diversity within a firm, we show there are external consequences - consumers also care. Prior operations management research studied the effects of corporate disclosures surrounding other social and environmental issues (e.g., climate change and child labor) on various stakeholders (Cho et al. 2019, Flammer et al. 2021). For example, existing research has examined how supplier selection (Liu et al. 2019) and social responsibility practices (Kraft et al. 2018) impact consumer valuations. We argue another type of corporate disclosure that affects consumers' decision-making process is transparency into the people involved in a company's operations. We show that disclosing workforce diversity data is an important strategic decision for firms and suggest that companies experience potential benefits – perhaps in unexpected forms (Corbett and Klassen 2006) – by disclosing diversity data, particularly when consumers are aware this information already exists.

2 Literature Review

First, we review the literature regarding firms' decisions to disclose operational data. Second, we highlight a handful of benefits that have been shown to arise from the voluntary disclosure of information consumers perceive to be sensitive (Mohan et al. 2020). We argue that a careful reading of these literatures hints at the potential value of workforce diversity disclosures, which motivates our experimental investigation.

2.1 Firm Disclosure Decisions

Consumers value transparency into where and how the products and services they purchase are made (e.g., Buell et al. 2017, Kraft et al. 2018), including visibility into the company's social responsibility practices in

its upstream supply chain (e.g., Kraft et al. 2018, Buell and Kalkançi 2021). In general, disclosing information to consumers about where and how products and services are made may be costly for firms, as doing so may first require them to gain greater visibility into their own supply chains (New and Brown 2011). However, since firms are federally mandated to report workforce diversity data through their EEO-1 filings, it is arguable that they face no additional data collection costs to publicly disclose the diversity of their operations.

Nevertheless, even if a firm is in a position to disclose information about its internal operations, it may choose not to do so – especially if the information presents the company unfavorably. Companies tend to voluntarily disclose only the information that managers perceive will aid their relationships with consumers (Dye 2001). For example, companies have been shown to avoid disclosing negative financial information unless they are aware of surveillance by investors or their boards (Abrahamson and Park 1994), or are compelled to be transparent for some other reason, such as pressure from stakeholders (Flammer et al. 2021).

Since the Black Lives Matter protests in 2020, most consumers (86%) report that they expect companies to take actions beyond their products and businesses – such as “telling hard truths,” “addressing societal challenges,” and “making culture more accepting.” Specifically, they report being four times as likely to purchase from companies that speak out on systemic racism (Edelman 2021). Even under such circumstances, previous research suggests that leaders will opt to selectively disclose favorable information about their companies’ practices when faced with external pressures to be more transparent (Marquis et al. 2016).

2.2 Revelation of Sensitive Information

Despite hesitation by many managers to be fully transparent, a stream of operations management research shows that when companies disclose information around their operations processes and practices by increasing transparency, it can improve customer satisfaction and overall appreciation for the offering (e.g., Buell and Kalkançi 2021, Buell and Norton 2011). In particular, the revelation of information that consumers perceive to be sensitive has been shown to increase trust and ultimately drive purchasing and donating decisions (Mohan et al. 2020, Mejia et al. 2019). Workforce diversity data are highly-sensitive information that sheds light on a company’s operating practices around hiring, promoting, and retaining employees and its disclosure may engender consumer trust. However, research on how transparency affects racial discrimination in operations shows that when consumers (workers) are aware of the race of employees (consumers) they may engage in discrimination and decline services (Cui et al. 2020, Mejia and Parker 2021).

As noted earlier, very few organizations presently disclose workforce diversity data, and as such, consumers may not be on the lookout for it. Consumers often fail to notice missing yet relevant information when forming judgments or making decisions (Sanbonmatsu et al. 1992). However, once consumers learn that relevant information is missing, whether via news or word-of-mouth, then a failure to disclose can

cause them to assume the worst of the non-disclosing organization (John et al. 2016). It follows that when consumers are unaware firms are federally required to collect diversity data, they are unlikely to negatively judge a non-disclosure when making a purchasing decision. However, once consumers become aware that companies have been collecting diversity data on their workforce and have chosen not to disclose that information, consumers may assume it is because the data reflects unfavorable information about the company such as a non-diverse workforce.

With growing external pressures from both shareholders and consumers to release workforce diversity data, managers are faced with a complex decision. If a manager is aware that their workforce is not diverse, it may seem better not to disclose this information – especially since so few firms presently disclose workforce diversity data, and consumers are not seeking it. However, to the extent that voluntarily being transparent about sensitive information can engender trust and improve brand attitudes (Mohan et al. 2020), disclosing workforce diversity data may be advantageous – even for firms that underperform on diversifying their workforce. In this paper, we present three preregistered studies showing that the mere act of disclosing workforce diversity data engenders more positive consumer attitudes and greater perceived commitment to DEI. We find that even disclosing information revealing a non-diverse workforce improves consumer attitudes and perceived commitment to DEI initiatives relative to when consumers learn that companies have been opting not to disclose this information.

3 Studies

In three preregistered studies (N=1,875), we test how consumers view the disclosure, or lack of disclosure, of workforce diversity data—even in cases where that disclosure suggests a racial disparity between job categories. In the presentation of the three studies that follow, we report how sample sizes were determined, all data exclusions, all manipulations, and all measures collected (Simmons et al. 2012). All study materials, preregistrations, anonymized data, and analysis code are available on the Open Science Framework: https://osf.io/hbfsy/?view_only=aad0bb5123a14b5b8df7a7a1abb89002.

3.1 Study 1: Baseline Attitudes Towards Diversity Disclosure

Study 1 investigates whether disclosing workforce diversity data affects consumer attitudes towards the disclosing company and perceptions of its level of commitment to DEI initiatives.

3.1.1 Method

Participants and Procedure. 1,001 U.S participants (58.67% female; age: $M = 36.88$, $SD = 14.22$) were recruited through Prolific Academic to complete an online study in exchange for \$0.64. We selected a target sample size of 1,000 participants to ensure 200 observations per condition. After providing informed consent, participants were randomly assigned to one of five between-subjects conditions: two control conditions (known non-disclosure and unknown non-disclosure) and three disclosure conditions (disaggregate

disclosure, aggregate disclosure, joint disclosure)—see Table 1 for a summary of the study conditions and Table 2 for screenshots of the disclosure conditions.

Table 1 Overview of Study 1 conditions

Condition	Incl. Information about EEO-1?	Incl. Graph?	Highlights Non-Diverse Workforce?
Unknown Disclosure	No	No	No
Known Non-Disclosure	Yes	No	No
Disaggregate Disclosure	Yes	Yes	Yes
Aggregate Disclosure	Yes	Yes	No
Joint Disclosure	Yes	Yes	Yes

In the unknown non-disclosure condition, participants read about a hypothetical Company A, described as an e-commerce retail company like Amazon or Walmart.com with about 1.3 million employees and an annual revenue of \$376.1 billion. In all other conditions, participants additionally read about the existence of the EEO-1 and that companies with 100 or more employees must report their workforce diversity information to the federal government. In the known non-disclosure condition, participants also read that Company A chose to not disclose their EEO-1 to the public.

The two control conditions capture the tension between situations where the consumer is aware that the EEO-1 exists, thus companies are regularly reporting diversity information to the federal government but withholding it from the public (known non-disclosure), and situations where the consumer is unaware about the EEO-1 to begin with (unknown non-disclosure). The latter condition mirrors situations where consumers fail to notice that workforce diversity information is missing (e.g., Bazerman 2014, Sanbonmatsu et al. 1992).

At the time of this writing, unknown non-disclosure may be the baseline condition in most markets, since so few companies presently disclose workforce diversity data. However, if a company that chooses to disclose its workforce diversity data increases the public salience of the EEO-1 and that companies that are not disclosing workforce diversity data are withholding it from the public, then the known non-disclosure control becomes a more relevant baseline. We include both controls in our initial study, but we focus on known non-disclosure in Studies 2 and 3.

The three disclosure conditions attempt to examine how the disclosure’s level of aggregation and what the disclosure reveals about the firm’s diversity differentially affects consumer perceptions. In the disaggregate disclosure condition, participants read that Company A disclosed its workforce diversity data by disaggregating information across corporate and warehouse employees. They also saw two bar graphs highlighting a racial disparity between corporate and warehouse employees, where a large share of the corporate

Table 2 Screenshots of the Study 1 diversity disclosure experimental stimuli. Stacked bar graph stimuli were based on real workforce diversity data from Amazon's 2020 EEO-1 report, which presents both the aggregate and disaggregate information.

Participants were not informed that the data were from Amazon.

Name of Disclosure	Stacked Bar Stimuli
A. Disaggregate Disclosure	
	
B. Aggregate Disclosure	
C. Joint Disclosure	
	
	

office employees was White or Asian while warehouse employees were mostly Black or Hispanic. In the aggregate disclosure condition, participants read that Company A disclosed its workforce diversity data by aggregating across the corporate and warehouse employees. They were also presented with a horizontal, stacked bar graph reflecting the share of employees by race/ethnicity. Because the aggregate disclosure condition blended data across corporate and warehouse jobs, differing levels of workforce diversity between the corporate and warehouse operations were obscured, and the overall composition of the workforce appeared to be relatively more diverse. Participants in the joint disclosure condition read that Company A disclosed its workforce diversity data in both aggregate and disaggregate forms and were presented with both stacked bars from the respective conditions. Stacked bar graph stimuli were based on real workforce diversity data from Amazon's 2020 EEO-1 report, and participants were not informed that the data were from Amazon. The pattern of over- and under-representation of people of color that the disaggregated stimuli reveals is

not unique to Amazon - a 2021 report from McKinsey found that within a company, Black people are over-represented as 19% of frontline employees (services workers, laborers, and operatives) and under-represented as 4-6% of VPs, SVPs, and Executives. However when these data are aggregated, this pattern is disguised with Black people appearing to represent 12% of the workforce (Hancock et al. 2021). Therefore, the choice of presenting disaggregated data that show workforce disparities compared to aggregated data that mask disparities is a real consideration that companies with people-centric operations face.

3.1.2 Measures

Following the manipulation text and graphics, participants were presented with the following measures: attitudes towards Company A and perceived company commitment to DEI. Participants were asked to rate their attitudes towards Company A on a 4-item bipolar scale: bad/good, unfavorable/favorable, unpleasant/pleasant, negative/positive. This measure was selected based on past marketing literature (Wagner et al. 2009). A composite of these items was used for overall attitudes ($\alpha = 0.98$). To capture perceived commitment, participants were asked the extent to which they believed that Company A was “committed to improving diversity and equality among its workforce” on a 100-point scale from 0 (not committed at all) to 100 (extremely committed). We used a 100-point scale to capture maximum variation in participants’ commitment to DEI to explore it as a potential mechanism between diversity disclosure and brand attitudes.

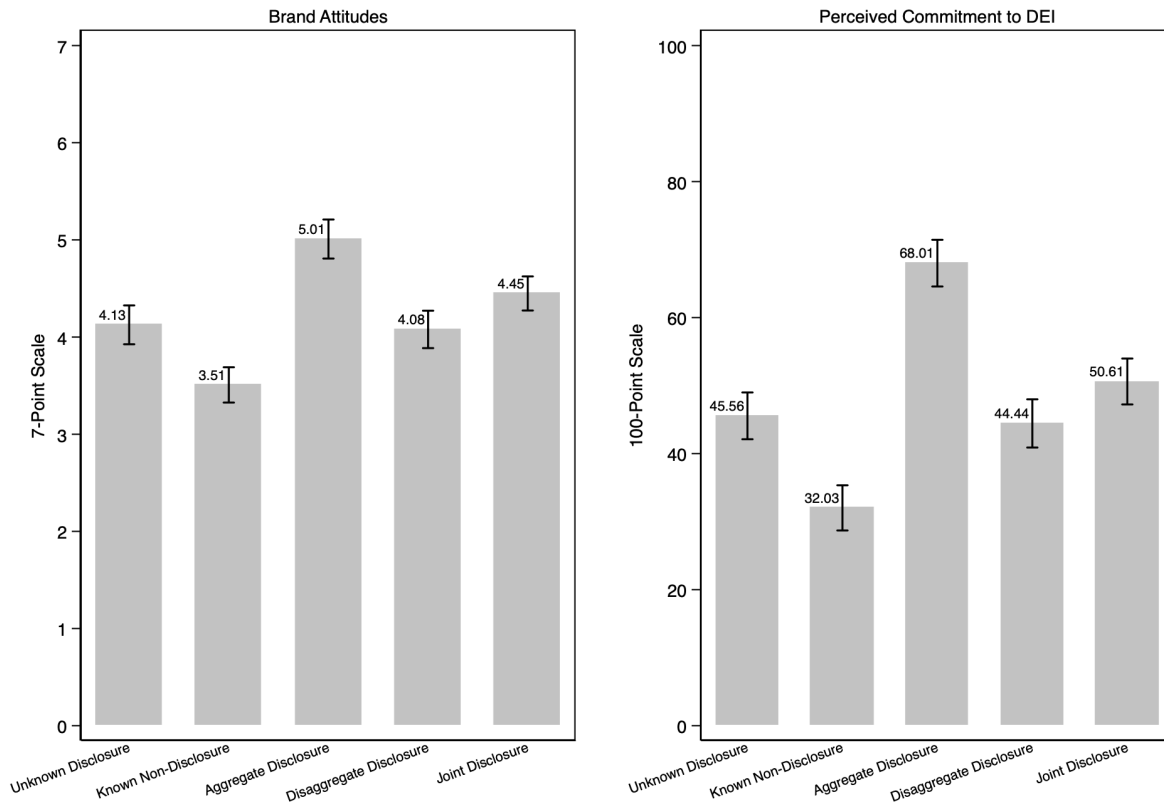
The study concluded with participants answering two comprehension questions, and questions about their agreement towards statements of supporting corporations (e.g., “I trust corporations to enact positive changes in our society”) and DEI initiatives (e.g., “Companies should aim to have a diverse workforce”), as well as several demographic items including age, sex, race/ethnicity, and political affiliation.

3.1.3 Results

Attitudes towards Company A. A one-way ANOVA revealed that the disclosure condition did affect participants’ attitudes towards Company A ($F(4, 996) = 32.22; p < .001$). We present mean attitudes towards Company A by condition in Figure 1. When comparing the two control conditions (known non-disclosure and unknown non-disclosure), participants held significantly more negative attitudes towards Company A when they learned that the company withheld workforce diversity data from the public while collecting it annually ($M = 3.51, SD = 1.31$) compared to when they were not aware that companies were required to collect workforce diversity data ($M = 4.13, SD = 1.45; t(400) = 4.49, p < .001$). Participants harbor significantly more positive attitudes towards Company A in all three disclosure conditions than in the known non-disclosure condition. Interestingly, even participants in the disaggregate disclosure condition ($M = 4.08, SD = 1.38$), the disclosure that revealed a racial disparity in Company A’s workforce, have higher attitudes than in the known non-disclosure condition ($M = 3.51, SD = 1.31; t(394) = 4.24, p < .001$). Following from that, participants in both the aggregate disclosure condition ($M = 5.01, SD = 1.46$) and joint disclosure condition ($M = 4.45, SD = 1.26$) have more positive attitudes than not just the known non-disclosure

Figure 1 Mean Brand Attitudes and Perceived Commitment to DEI by Condition (Study 1).

The error bars show the 95 percent confidence interval around each estimated mean.



condition ($M = 3.51, SD = 1.31; t_{aggregate}(400) = 10.87, p < .001; t_{joint}(396) = 7.31, p < .001$) but also the unknown non-disclosure condition ($M = 4.13, SD = 1.45; t_{aggregate}(404) = 6.12, p < .001; t_{joint}(400) = 2.38, p < .05$). We note that there is not a significant difference in attitudes between the unknown non-disclosure condition ($M = 4.13, SD = 1.45$) and the disaggregate disclosure condition ($M = 4.08, SD = 1.38; t(398) = 0.33, p = .7403$). These results are consistent with the idea that disclosing workforce data that reveals a racial disparity between job categories may not be harmful for the firm, and may even, in some circumstances - such as when disclosure is presented in joint or aggregated form, or when it is compared with unknown non-disclosure - enhance brand attitudes. All results hereafter are robust to various controls – see appendix for details.

Perceived Commitment to DEI. A one-way ANOVA revealed that the disclosure condition did affect participants' perception of Company A's commitment to DEI ($F(4, 996) = 56.24; p < .001$). Like attitudes, participants perceived Company A in the known non-disclosure condition ($M = 32.03, SD = 23.88$) as having lower levels of commitment to DEI than in the unknown non-disclosure condition ($M = 45.56, SD = 24.98; t(400) = 5.55, p < .001$). When compared to the known non-disclosure condition ($M = 32.03, SD =$

23.88), participants in the aggregate disclosure condition ($M = 68.01, SD = 24.92; t(400) = 14.78, p < .001$), disaggregate disclosure condition ($M = 44.44, SD = 25.36; t(394) = 5.02, p < .001$), and joint disclosure condition ($M = 50.61, SD = 24.26; t(396) = 7.70, p < .001$) perceive Company A to be more committed to DEI. Even in the case that Company A reveals a non-diverse workforce through disaggregate disclosure, participants respond to the increased transparency by crediting their commitment to DEI. When compared to the unknown non-disclosure condition ($M = 45.56, SD = 24.98$), there is no significant difference in perceived commitment to DEI with the disaggregate disclosure condition ($M = 44.44, SD = 25.36; t(398) = 0.44, p = .6580$). However, participants in the aggregate disclosure condition ($M = 68.01, SD = 24.92; t(404) = 9.07, p < .001$) and joint disclosure condition ($M = 50.61, SD = 24.26; t(400) = 2.06, p < .05$) perceived Company A to be more committed to DEI than participants in the unknown non-disclosure condition.

3.2 Study 2: Boundary Conditions to Workforce Diversity Disclosures

In Study 1, participants expressed more favorable brand attitudes and perceived greater commitment to DEI initiatives when companies disclosed workforce diversity data, relative to when they withheld it. For a company like Amazon, where people of color are over-represented in warehouse jobs and under-represented in corporate jobs, we observed disclosing aggregate workforce diversity data, which obscured these differences, most improved attitudes and perceived commitment to DEI. This pattern of results suggests that beyond a preference for transparency, consumers may also have a general preference for workforce diversity. In this study, we seek to rigorously test whether such a preference exists by focusing on disaggregated disclosure and manipulating the composition of the underlying workforce.

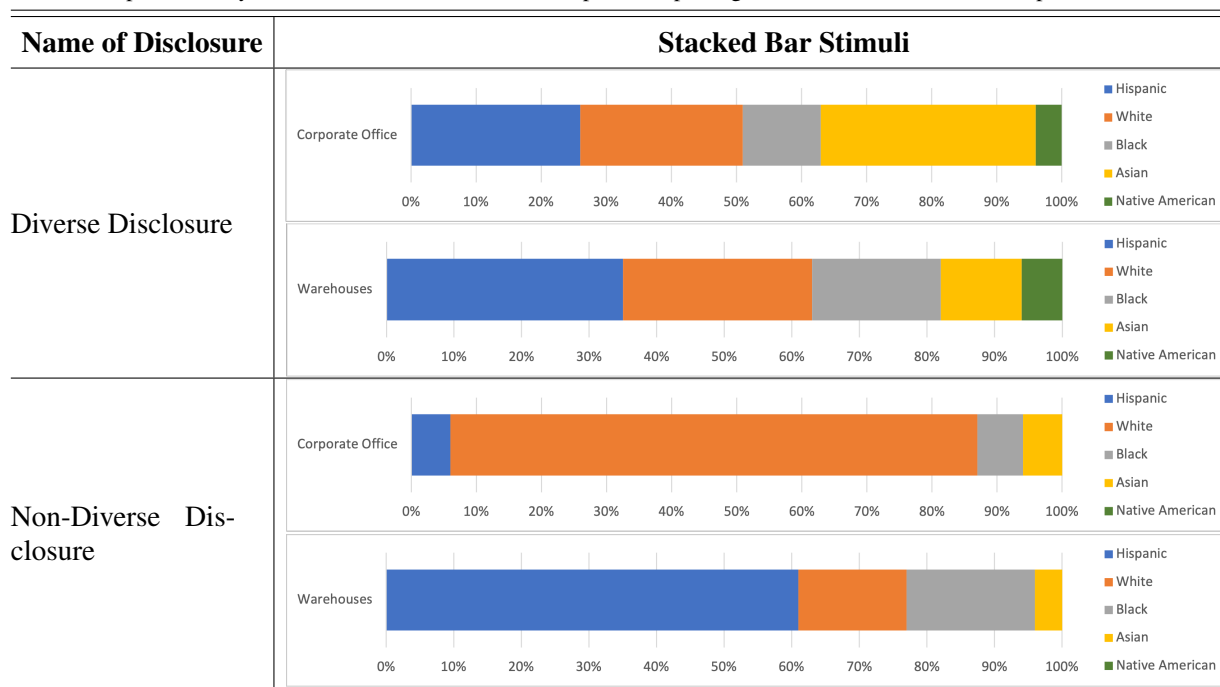
3.2.1 Method

Pretest. A pretest was run to capture consumers' baseline beliefs about workforce composition by race and job category for labor-intensive companies. 100 U.S. participants (65.00% female; age: $M = 32.35, SD = 11.99$) were recruited through Prolific Academic to complete a study in exchange for \$0.64. Participants were first informed about the requirement that public companies must submit EEO-1 reports to the federal government containing the percentage of workers by job function (e.g., warehouse and corporate office) who correspond with different racial categories. Participants were further told that Company A ("a Fortune 500, e-commerce retail company") is required to submit an EEO-1. Participants were then separately asked their predictions of the percentage of workers in five racial categories (Hispanic or Latino, White, Black or African American, Asian, and Native American) in Company A's warehouse and in their corporate office. Percentages for each job category were required to sum to 100. The intent of this survey was to capture subjects' baseline perceptions of workforce diversity for online retailers akin to those featured in our experimental studies. For each participant, two Herfindahl-Hirschman Indexes (HHIs) of their

predictions of Company A's diversity in the warehouse and corporate office were calculated (Hunt et al. 2015). An HHI of 2,000 represents a belief that a job category is evenly comprised of all five racial groups and an HHI of 10,000 indicates a belief that a job category is entirely made up of one racial group.

Participants and Procedure. 374 U.S. participants (50.27% female; age: $M = 34.40$, $SD = 11.77$) were recruited through Prolific Academic to complete a study in exchange for \$0.53. After providing informed consent, participants were randomly assigned to one of three between-subjects conditions: known non-disclosure, non-diverse disclosure, or diverse disclosure. As in Study 1, participants read the same description about a hypothetical e-commerce Company A. Additionally, participants all read about the existence of the EEO-1 and the obligation to report workforce diversity to the government. As before, in the known non-disclosure condition, participants learned that Company A chose not to publicly disclose their EEO-1. As previously noted, we focus on known non-disclosure as the relevant control, since as a baseline, it is more likely to be relevant in contexts when more companies are opting to disclose workforce diversity data.

Table 3 Diverse vs. Non-Diverse Disclosure Experimental Stimuli. Stacked bar graph stimuli were based the 10th and 90th percentile by Herfindahl–Hirschman Index in a pretest capturing beliefs around workforce composition.



For both the the diverse and non-diverse disclosure conditions, participants additionally read that Company A disclosed their disaggregated workforce diversity data. They also saw two bar graphs showing distributions between race/ethnic categories for both the corporate and warehouse employees. We presented disaggregate diversity data in order to more readily manipulate the company's underlying workforce diversity. Diverse and non-diverse disclosure stimuli were pulled from the pretest: for each job category, respondents'

HHIs were ordered from smallest (most diverse) to largest (least diverse) and the responses corresponding to the 10th percentile HHIs per category (2638.2 in the corporate office and 2586.0 in the warehouse) were used to construct the diverse disclosure bar charts (Table 3). Similarly, non-diverse disclosure stimuli corresponded to the 90th percentile HHIs per category from the pretest (6606.4 in the corporate office and 4246.0 in the warehouse) and were used to construct the non-diverse disclosure bar charts (Table 3).

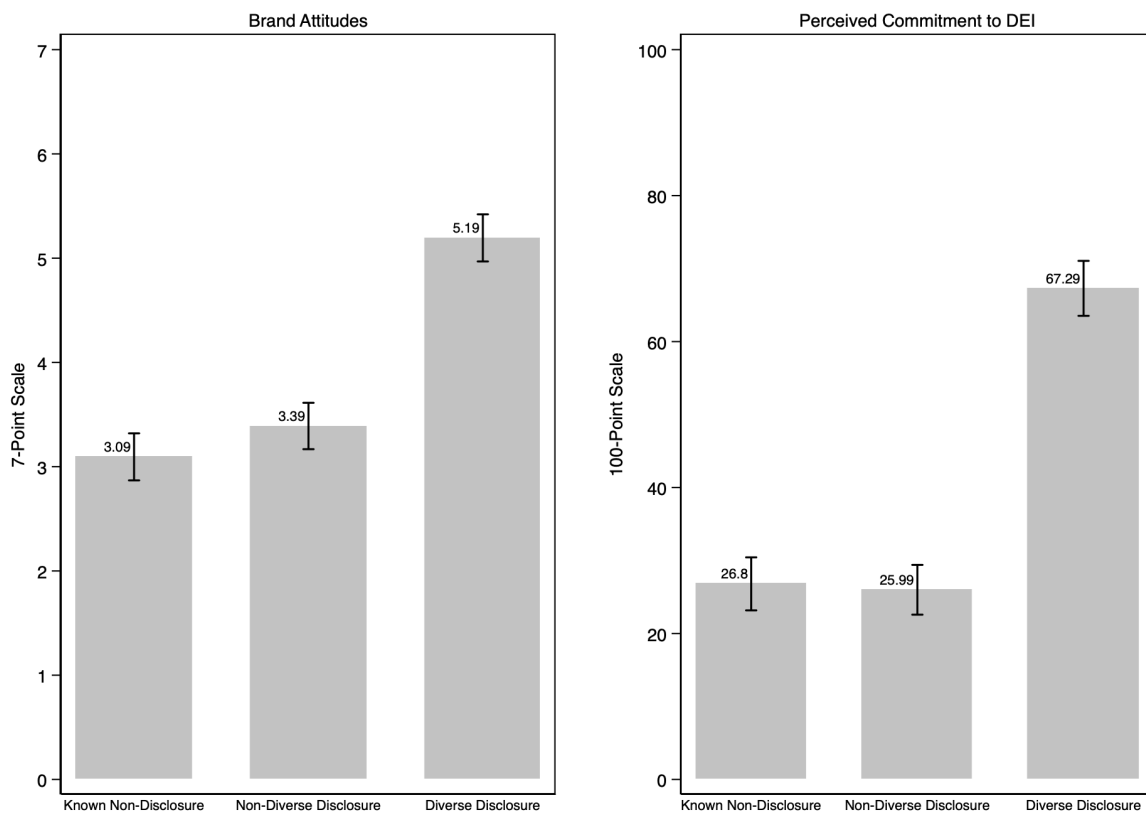
3.2.2 Measures

Following the manipulation text, participants were asked to evaluate their attitudes towards Company A on the 4-item bipolar scale ($\alpha = 0.98$), and evaluate Company A's commitment to DEI on a 100-point scale used in Study 1. The study concluded with a data comprehension question, as well as questions about attitudes towards companies and DEI initiatives and demographic items.

3.2.3 Results

Figure 2 Mean Brand Attitudes and Perceived Commitment to DEI by Condition (Study 2).

The error bars show the 95 percent confidence interval around each estimated mean.



Attitudes towards Company A. A one-way ANOVA revealed that the disclosure condition did affect participants' attitudes towards Company A ($F(2, 371) = 99.64; p < .001$). When comparing to the known non-disclosure condition ($M = 3.09, SD = 1.28$), participants harbored more positive attitudes towards Company A in both disclosure conditions—Figure 2. This difference was significant for the diverse disclosure condition ($M = 5.19, SD = 1.29; t(249) = 12.94, p < .001$) and insignificant for the non-diverse condition ($M = 3.39, SD = 1.25; t(246) = 1.84, p = .0672$). When examining the two disclosure conditions, participants reported having more positive attitudes towards Company A when the disclosure revealed a diverse workforce ($M = 5.19, SD = 1.29$) than a non-diverse workforce ($M = 3.39, SD = 1.25; t(247) = 11.19, p < .001$). These results suggest a diminishing positive effect of disclosures depending on what they show: when workforce data reveals an extreme racial disparity within the operation, disclosing relative to not disclosing does not significantly increase brand attitudes.

Perceived Commitment to DEI. A one-way ANOVA revealed that the disclosure condition did affect participants' perceptions of Company A's commitment to DEI ($F(2, 371) = 166.38; p < .001$). Participants perceived Company A to have lower levels of commitment to DEI in the known non-disclosure condition ($M = 26.80, SD = 20.66$) than in the diverse disclosure condition ($M = 67.29, SD = 1.91; t(249) = 15.21, p < .001$). The difference was insignificant between the known non-disclosure and the non-diverse disclosure ($M = 25.99, SD = 1.73; t(246) = .31, p = .7502$) conditions. Additionally, participants perceived Company A to be more committed to DEI when it disclosed a diverse workforce ($M = 67.29, SD = 1.91$) than when it disclosed a non-diverse workforce ($M = 25.99, SD = 1.73; t(247) = 15.97, p < .001$), suggesting that Company A needs to do more than simply disclose an extremely non-diverse workforce in order to signal commitment to DEI in the eyes of consumers.

3.3 Study 3: Mediation by Perceived Commitment to DEI Initiatives

The results of Study 2 suggest that when a company discloses a non-diverse workforce, consumers' brand attitudes and perceptions of the company's commitment to DEI may not be harmed, but that attitudes and perceptions may be improved by disclosing a diverse workforce. In Study 3, we seek to test whether increased perceived commitment to DEI initiatives may be one causal mechanism by which disclosing a diverse workforce increases brand attitudes.

3.3.1 Method

Participants and Procedure. 500 U.S. participants (53.80% female; age: $M = 35.89, SD = 12.93$) were recruited through Prolific Academic to complete a study in exchange for \$0.53. Study 2 employed a 2×2 (known non-disclosure vs. diverse disclosure \times low commitment vs. high commitment) factorial design. Due to the inherent limitations of traditional mediation analyses (MacKinnon et al. 2007), we test our

hypothesized mechanism via a moderation-of-process study (Pirlott and MacKinnon 2016), in which we manipulate perceived commitment and disclosure.

As in previous studies, participants read the same description about a hypothetical e-commerce Company A. In both disclosure conditions, participants read about the existence of the EEO-1 and the obligation that companies with 100 or more employees have in reporting their workforce diversity to the government. In the known non-disclosure condition, participants learned that Company A chose not to publicly disclose their EEO-1. In the diverse disclosure condition, participants additionally read that Company A disclosed their disaggregated workforce diversity data. They also saw two bar graphs showing roughly equal distributions between race/ethnic categories for both the corporate and warehouse employees. The diverse disclosure stimuli used the same numbers pulled from the pretest described in Study 2.

Additionally, participants saw one of two news article headlines that manipulated company commitment to DEI. In the low commitment condition, participants read that “Company A disbands diversity, equity, and inclusion recruiting initiative.” Whereas, in the high commitment condition, participants read that “Company A creates diversity, equity, and inclusion recruiting initiative.”

3.3.2 Measures

Following the manipulation text, participants were asked to evaluate their attitudes towards Company A on the 4-item bipolar scale used in Study 1 ($\alpha = 0.98$). As in previous studies, participants evaluated Company A’s commitment to DEI on a 100-point scale (manipulation check) and the study concluded with a comprehension question, questions about attitudes towards companies and DEI initiatives, and demographic items.

3.3.3 Results

Our manipulation check confirmed that participants in the low commitment conditions rated lower perceived company commitment to DEI than those in the high commitment conditions ($M_{lowcommitment} = 32.23, SD_{lowcommitment} = 26.13; M_{highcommitment} = 61.24, SD_{highcommitment} = 27.08; t(498) = 12.19, p < .001$), suggesting that our manipulation was successful. We regress attitudes towards Company A on both the commitment and disclosure conditions, as well as their interaction—Table 4. In columns 1-3 of Table 4, both disclosure and high commitment are positively associated with attitudes towards Company A. We note that there is no significant interaction, suggesting that the effect of disclosing a diverse workforce on attitudes towards Company A is not moderated by actual commitment to DEI initiatives. In columns 5-6, we control for perceived commitment to DEI, and see that perceived commitment drives attitudes towards Company A. In the presence of the perceived commitment control, the coefficient on disclosing a diverse workforce falls significantly ($\chi^2(1) = 50.89, p < .001$), suggesting that perceived commitment is one mechanism through which disclosure increases attitudes towards Company A.

Table 4 Study 3 OLS Results using Attitudes towards Company A

	(1)	(2)	(3)	(4)	(5)
Condition: High Commitment	1.118*** (0.132)	1.076*** (0.187)	1.099*** (0.169)	-0.142 (0.142)	-0.005 (0.146)
Condition: Diverse Disclosure	1.222*** (0.132)	1.180*** (0.187)	1.246*** (0.168)	0.345* (0.137)	0.452** (0.139)
Condition: High Commitment × Condition: Diverse Disclosure		0.084 (0.265)	-0.213 (0.240)	0.040 (0.186)	-0.071 (0.187)
Perceived Commitment (Man. Check)				0.043*** (0.002)	0.038*** (0.002)
Constant	2.881*** (0.115)	2.902*** (0.132)	1.589 (0.829)	1.942*** (0.102)	1.237 (0.648)
Obs	500	500	500	500	500
R-Squared	0.24	0.24	0.42	0.63	0.65
Adjusted R-Squared	0.24	0.24	0.40	0.62	0.63
Incl. Demographic Controls	No	No	Yes	No	Yes
Incl. Corp. Attitude Controls	No	No	Yes	No	Yes
Incl. DEI Attitude Controls	No	No	Yes	No	Yes

Standard errors in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

4 Conclusion and Discussion

In line with much of the operations management literature that examines how consumers' attitudes and behaviors are influenced by transparency into various operating processes and practices (e.g., Kraft et al. 2018, Buell and Kalkanici 2021), we find that consumers also value transparency into companies' workforce diversity. Specifically, we find that the act of disclosing workforce diversity data, even if that information reveals a racial disparity among job categories, does not cause consumers to harbor lower attitudes towards the company (Study 1). In fact, using actual workforce data from Amazon, we find that consumers' attitudes increase with diversity disclosures of any form – disaggregate, aggregate, or joint disclosure – as compared to when consumers learn companies have been collecting and withholding this information (Study 1). We identify a boundary condition – brand attitudes and perceived commitment to DEI initiatives increase significantly when a company discloses a diverse workforce, but are insignificantly different from known non-disclosure when the disclosure reveals an extremely non-diverse workforce (Study 2). Finally, we identify an underlying behavioral mechanism for this effect – disclosing a diverse workforce improves consumers' brand attitudes in part by enhancing their perceptions of the company's commitment to DEI (Study 3).

Past research has shed light on the beneficial effects of firm diversity for recruitment, finding that prospective employees perceive organizations with a higher level of diversity to be more attractive (Olsen and Martins 2016). Our results suggest that firm diversity also has an important effect on consumer attitudes, with consumers caring about who is involved in the operations behind the products and services they purchase. We find that consumers hold higher brand attitudes because they perceive organizations that provide transparency into an at least moderately-diverse workforce to be more committed to DEI. However, based on the pattern of results we observe, we conjecture that disclosing workforce diversity data may be prudent for all organizations, regardless of the current composition of their workforce. Whereas we find no evidence

that the act of disclosing a lack of workforce diversity undermines brand attitudes, organizations that choose to withhold their workforce diversity data may later be discredited when (1) the media scrutinizes their lack of transparency, or (2) a competitor chooses to disclose its own workforce diversity data, increasing the salience that the focal organization is withholding.

Given our findings that a company's perceived commitment to DEI plays an important role in shaping consumers' brand attitudes, our research raises opportunities for future scholarship. Although disclosing workforce diversity may be a positive initial step to signal an organization's commitment to DEI, future research can investigate how organizations can continue to improve workforce diversity, as well as perceived commitment to DEI in the eyes of its consumers. It is possible, for example, that although disclosing a diverse workforce elevates consumers' perceptions of an organization's commitment to DEI and, in turn, their attitudes towards the brand, those attitudes and perceptions may fall over time if the organization's DEI performance isn't seen to be continuously improving. We leave such longitudinal analyses as an opportunity for future research.

There is a growing managerial interest in understanding social movements and redesigning operating practices to combat racial inequities. Our research suggests that disclosing a diverse workforce may be an effective strategy for signaling an organization's commitment to DEI to consumers, which can, in turn, improve their attitudes toward the brand.

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Appendix A. Additional Results for Baseline Attitudes Towards Diversity Disclosure (Study 1)

Extended Results

In addition to being asked to rate their attitudes towards Company A and the extent to which they believed that Company A was “committed to improving diversity and equity among its workforce,” participants were also asked to rate the extent to which they “believe Company A is being honest in reporting their diversity statistics” on a 100-point scale from 0 (Not at all honest) to 100 (Extremely honest). All three measures were presented in random order. Because we believed that this particular question was not the focus of our research, future studies did not include this question—unless denoted as exploratory in our preregistration.

Perceived Honesty. Unlike attitudes and perceived commitment, participants perceived Company A in the unknown non-disclosure condition ($M = 50.60, SD = 24.17$) to be significantly more honest than in the known non-disclosure condition ($M = 34.84, SD = 27.73; t(400) = 6.08, p < .001$), suggesting that perceived honesty is likely to drop in the case that consumers learn about the existence of EEO-1s. Participants perceived Company A in the known non-disclosure condition ($M = 34.84, SD = 27.73$) as significantly less honest in reporting their diversity statistics than in the aggregate disclosure condition ($M = 66.48, SD = 23.89; t(400) = 12.27, p < .001$), disaggregate disclosure condition ($M = 71.68, SD = 20.97; t(394) = 14.90, p < .001$), and joint disclosure condition ($M = 65.37, SD = 22.70; t(396) = 12.02, p < .001$). When compared to the unknown non-disclosure condition ($M = 50.60, SD = 24.17$), participants perceived Company A to be significantly more honest in all disclosure conditions. Participants perceived Company A to

be more honest in the aggregate disclosure condition ($M = 66.48, SD = 23.89; t(404) = 6.66, p < .001$), disaggregate disclosure condition ($M = 71.68, SD = 20.97; t(398) = 9.31, p < .001$), and joint disclosure condition ($M = 65.37, SD = 22.70; t(400) = 6.32, p < .001$).

Robustness Analyses

Brand Attitudes and Perceived Commitment to DEI. We regress attitudes towards Company A on the disclosure condition, with the baseline being the known non-disclosure condition. All results are robust when controlling for demographic variables, attitudes towards corporations, attitudes about DEI, and excluding participants that failed either of the two comprehension questions—See Columns 1 and 2 in Table A1. Like attitudes, all our results are robust the same controls and exclusions—See Columns 3 and 4 in Table A1.

Table A1 Study 1 OLS Results using Attitudes and Perceived Commitment of Company A

	Attitudes towards Company A		Perceived Commitment	
	(1)	(2)	(3)	(4)
Condition: Aggregate Disclosure	1.501*** (0.137)	1.725*** (0.140)	35.985*** (2.463)	40.127*** (2.664)
Condition: Disaggregate Disclosure	0.571*** (0.138)	0.796*** (0.139)	12.416*** (2.481)	14.843*** (2.636)
Condition: Joint Disclosure	0.941*** (0.138)	0.933*** (0.139)	18.583*** (2.475)	18.909*** (2.636)
Condition: Unknown Disclosure	0.618*** (0.137)	0.640*** (0.133)	13.532*** (2.463)	12.420*** (2.525)
Constant	3.508*** (0.097)	3.254*** (0.852)	32.025*** (1.750)	2.519 (16.181)
Obs	1001	691	1001	691
R-Squared	0.11	0.36	0.18	0.38
Adjusted R-Squared	0.11	0.34	0.18	0.36
Incl. Demographic Controls	No	Yes	No	Yes
Incl. Corp. and DEI Attitude Controls	No	Yes	No	Yes
Excl. Failed Check Qs	No	Yes	No	Yes

Standard errors in parentheses + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Appendix B. Additional Results for Boundary Conditions to Workforce Diversity Disclosures (Study 2)

Robustness Analyses

Brand Attitudes and Perceived Commitment to DEI. We regress attitudes towards Company A on the disclosure condition, and all results are robust when controlling for demographic variables, attitudes towards corporations, attitudes about DEI, and excluding participants that failed the comprehension question—See Columns 1 and 2 in Table B1. Like attitudes, all our results are robust the same controls and exclusions—See Columns 3 and 4 in Table B1.

Table B1 Study 2 OLS Results using Attitudes and Perceived Commitment of Company A

	Attitudes towards Company A		Perceived Commitment	
	(1)	(2)	(3)	(4)
Non-Diverse Disclosure	0.296 ⁺ (0.162)	0.262 ⁺ (0.150)	-0.808 (2.603)	-1.991 (2.439)
Diverse Disclosure	2.100 ^{***} (0.161)	2.101 ^{***} (0.152)	40.494 ^{***} (2.587)	39.450 ^{***} (2.464)
Constant	3.094 ^{***} (0.114)	2.391 [*] (1.180)	26.800 ^{***} (1.833)	37.072 ⁺ (19.130)
Obs	374	360	374	360
R-Squared	0.35	0.51	0.47	0.60
Adjusted R-Squared	0.35	0.48	0.47	0.58
Incl. Demographic Controls	No	Yes	No	Yes
Incl. Corp. and DEI Attitude Controls	No	Yes	No	Yes
Excl. Failed Comprehension	No	Yes	No	Yes

Standard errors in parentheses ⁺ $p < 0.10$, ^{*} $p < 0.05$, ^{**} $p < 0.01$, ^{***} $p < 0.001$