Hiring

A Fairer Way to Make Hiring and Promotion Decisions

by Jean Martin

August 13, 2013

Nearly eight out of 10 executives say diversity is increasingly important in helping them achieve business goals — and they're demonstrating strong support for it. There are external social and legislative pressures driving this emphasis, but the bottom line is that diversity is good for business. CEB research found that in a more diverse and inclusive workforce, individual discretionary effort improves by 12%, the number of people who say they intend to stay at their firm increases an average of 20% and fully 50% more employees say they are committed to their team and that their teams collaborate well.

So it's no surprise that even during the economic downturn, organizations tended to maintain or even slightly increase their budgets for such diversity and inclusion initiatives as mentoring programs, training, affinity groups, diversity councils, and scorecards. Our research shows that 74% of employees are aware that their companies are working to promote diversity and inclusion in the workforce. But most also say that don't see much effect from these efforts. That means organizations are making potentially massive investments to gain only marginal improvements. Few organizations have succeeded in creating highly diverse and inclusive workforces.

What's going wrong? The CEB research indicates that one of the key problems is that qualified, diverse candidates are not getting due consideration for leadership roles, owing to unconscious (and sometimes conscious) bias in hiring and promotion decisions. Leading companies suggest that the answer to this difficult and age-old challenge is not to try to purge all biases but rather to lead as an organization in implementing mechanisms or processes to neutralize biases in selecting for key talent management positions.

How can you neutralize bias in situations where a candidate's gender, ethnicity, age, or other identifying characteristics cannot be concealed and managers feel they know everyone? At Duke Energy, managers and HR representatives identify slates of potential successors for specific positions through a process that helps ensure objectivity. Managers submit a list of candidates for designated positions. HR analyzes the fit of designated successors for a position based on matching the detailed position profile and the candidate's talent profile. Then HR runs a query for alternative qualified successors based on the position profile, and candidates from both lists are considered in all talent reviews. The goal of this effort is to ensure the successor slate includes only viable candidates and that all qualified candidates are being included, even those not known to the hiring manager.

And what about in cases where the company is so big that knowing all candidates is impossible? At Mexico-based CEMEX, one of the largest cement producers in the world, rapid growth and international acquisitions made it impossible for managers to keep track of the knowledge and skill sets of the organization's employees. This lack of information made it difficult to make informed, objective decisions for succession planning and leader career development.

CEMEX created a data-driven tool that helps identify the best-qualified set of candidates for open leadership positions. It assesses four major families of factors in a leader's profile — knowledge, experience, performance and potential, and personal profile — all weighted to reflect the relative importance of each factor for

successful performance at a specific level. These leader profiles are created through a rigorous process that includes a 360-degree review, a performance and potential assessment, a personal-profiling exercise, and an emotional intelligence test. Every leadership position has a position profile that details the requirements for success, developed in part from an interview with the incumbent. By matching leader and position profiles, the tool performs a very sophisticated fit analysis of candidates for open positions.

A valuable aspect of this tool is that it allows CEMEX to conduct real-time succession planning. All of this information is contained in a database and run off of a search engine. Just enter a position title, and the system will identify the currently most qualified successor candidates throughout the organization.

"Objective-fit analysis" tools (such as these developed by Duke Energy and CEMEX) mitigate the natural biases — conscious or unconscious — that affect leadership choices and could limit the pool of qualified diverse talent in leadership pipelines. Organizations need to lean in to the reality that given the business benefits of a diverse workforce, as well as the importance in getting the right fit for the most challenging roles, the typical review of names and faces is just not the best way to get the right man or woman for the job.

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