Beyond the Business Case: Moving from Transactional to Transformational Inclusion

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*Jamillah Bowman Williams*

CONTENTS

INTRODUCTION ..................................................................................... 300

I. THE PROMISES AND PERILS OF TRANSACTIONAL INCLUSION

STRATEGIES .......................................................................................... 303
   A. Goals of the Business Case .......................................................... 303
   B. Disconnect at the Individual Level ............................................... 305
   C. Disconnect at the Culture/Systems Level ..................................... 308

II. ALIGNING WITH THE TRANSFORMATIONAL CASE FOR INCLUSION ..................................................................................... 310
   A. Goals of the Transformational Case ............................................ 310
   B. Closing the Gap Between Diversity Beliefs and Inclusive Action ............................................................................................ 311

III. NEXT STEPS: EXAMINING SOCIAL

PSYCHOLOGICAL MECHANISMS ................................................................ 318
   A. Mechanisms for Negative Outcomes ........................................... 318
      1. Cognitive Dissonance ............................................................... 319
      2. Zero-Sum Bias ......................................................................... 319
      3. Loss Aversion .......................................................................... 320
      4. Colorblind Racism ................................................................... 321
      5. Persuasion Knowledge ............................................................. 322
      6. Group Threat ............................................................................ 322
   B. Mechanisms for Positive Outcomes ............................................ 323
      1. Empathy ................................................................................... 323

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INTRODUCTION

While workplace diversity is a hot topic, the extent to which the diversity management movement has effectively improved intergroup relations and reduced racial inequality remains unclear.\(^1\) Despite large investments in diversity and inclusion training and other company-wide initiatives, historically excluded groups remain vastly underrepresented in leadership and the most lucrative careers, such as finance, law, and technology. This calls the efficacy of diversity, equity, and inclusion (DEI) efforts into question, particularly with respect to reducing racial inequality in the workplace.

For example, data from the Equal Employment Opportunity Commission show that Black men are no more likely to be a manager than their grandfathers.\(^2\) The same data notes only a minimal increase in management rates among Black women.\(^3\) In 2020, Fortune reported that only five Fortune 500 companies had a Black CEO,\(^4\) and the Institutional Shareholder Services (ISS) reported that Black directors “accounted for just 4.1 per cent [sic] of all board seats in the broader Russell 3000 index . . . just 0.5 per cent [sic] more than in 2008.”\(^5\) Pervasive racial pay gaps persist across all levels of education and remain particularly severe for Black women, Native American women, and Latinas.\(^6\)

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3. Id.
Despite this data, over the past three decades, consultants, business leaders, and academics have also argued that diversity makes good business sense. The story is simple and has great rational appeal. Hire more women and employees of color and promote them to your leadership ranks because it will make your company more profitable and effective.

To make the “business case” for diversity is to persuade stakeholders that racial and gender diversity will lead to better business outcomes and higher returns. Decades of research back this up. For those who advocate for equity, the idea is that spreading the word about the economic gains associated with diversity and inclusion will help solve workplace inequality.

While this is commonly referred to as the business case, I call this the “transactional case” because it focuses on business outcomes and the bottom line to justify investment in DEI. At its core, this strategy is about rational exchange and serving organizational interests. The converse of the transactional case is the “transformational case,” which uses framing based on justice, dignity, and human connection. This often happens through storytelling and transforms the way people think and feel about equity. The way organizational leaders choose to frame their diversity values—either transactionally or transformationally—may promote different levels of buy-in to those diversity policies, practices, and values and affect the extent to which they inspire meaningful engagement that advances diversity goals.

Research in social and behavioral science has demonstrated the impact of the various social psychological processes on decision-making, including framing effects. Framing, defined as “schemata of interpretation,” may provide us with insight when comparing transactional and transformational approaches. Framing effects refer to the phenomenon by which an individual’s ultimate decision can be affected by how information is presented to them. Framing has been found to

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8. See id. at 118.
9. See, e.g., id. at 116.
10. See id.
organize and guide both individual and collective action. Framing can influence choices, despite the decision-maker’s own pre-existing norms, habits, and personal characteristics. This line of research reveals the malleability of human decision-making and demonstrates that framing has been powerful enough to lead to entire preference reversal in decision-makers.

Framing effects, among other social psychological mechanisms, may explain why leaders who use transformational messaging are more effective at promoting inclusive action, relative to those who rely on transactional messaging. Transformational leaders inspire human connections through use of storytelling, forging shared purpose, and revealing systemic disparities in ways that are relatable. Aiko Bethea, founder of Rare Coaching and Consulting, recently popularized James MacGregor Burns’s 1978 theory of “transactional vs. transformational leadership.” She discusses how transformational leaders recognize how each person has their own preconceived levels of commitment to DEI initiatives.

Despite those varying levels of commitment, a transformational leader is better equipped to engage employees and stakeholders about the importance of inclusion, beyond transactional gains. Importantly, this requires leaders to be transparent about how they came to be personally invested in using DEI to rectify systemic and workplace inequality. With a transformational approach, DEI is human-centered and focused on empathy, belonging, and impact, rather than profit-centered.

Alex B. Van Zant and Don A. Moore studied the effects of different messaging used by senior leaders. They found that messaging based on moral values and emotional language generated greater support than pragmatic messaging based on economic and organizational benefits. This held true across a variety of policy contexts such as green technology,

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14. See Goffman, supra note 12, at 21; see also Snow, Rochford, Worden & Benford, supra note 12, at 464.
16. Id. at 473–74.
20. Id. at 936–37. But see id. at 936 (“We also note that when we controlled for the influence of leaders’ moral character, issues framed in pragmatic terms actually generated more support than issues framed in moral terms.”).
access to nutrition, retirement funding, and child labor. Not only was transformational messaging more influential, but participants were also more moved by the leader’s private stance on an issue compared to their public stance This reinforces the idea that authenticity is vital for senior leaders seeking to drive organizational change.

A leader’s first-person account about why inclusion is important to them as a human being moves the message from performative and transactional to authentic and transformational, which in turn strengthens impact. David M. Mayer, Scott Sonenshein, Madeline Ong and Susan J. Ashford also found that moral language may be more influential than economic language. They found that companies that frame social issues as part of an organization’s mission because it is “the right thing to do” tend to be more successful at promoting desired behaviors. Although this research was not on equity and inclusion, it reveals important lessons on transformational leadership for DEI and beyond.

This Article explains why it is time for organizational leaders to move beyond the transactional case for diversity and instead use transformational messaging that is more likely to win both hearts and minds, change structures, and ultimately drive meaningful change. Part I explains the goals of a transactional approach and the resulting disconnect at both the individual and system levels. Part II discusses the goals of a transformational approach and offers preliminary empirical evidence that suggests it is more likely to drive inclusive action. Part III lays out a future research agenda that aims to further uncover why transformational messaging is more effective and why transactional messaging may backfire, with particular attention to social psychological mechanisms.

I. THE PROMISES AND PERILS OF TRANSACTIONAL INCLUSION STRATEGIES

A. Goals of the Business Case

The goal of making a strong transactional case for DEI is typically twofold: to get individuals to consider equity and to influence them to take actions that will further related goals. For example, a transactional case for DEI could be used to motivate those in positions of power to invest in diversity programs, add women to boards, hire from underutilized talent

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21. Id. at 935.
22. Id. at 940.
23. See id.
25. See id. at 1062–64 for a complete analysis of the finding in Study 1a.
pools (such as Historically Black Colleges and Universities), include employees of color in the C-Suite, and incorporate the insights of this underrepresented talent in key decisions. The case is made to prioritize this inclusion because it will ultimately make the company more money. This transactional case is pitched to a broad audience. It not only aims to motivate CEOs, executive leadership, and managers to prioritize equity and inclusion, but it also strives to gain support from the entire workforce and external stakeholders such as customers, investors, and the public. The strategy is to gain buy-in to DEI efforts by speaking the language of business outcomes.

The transactional case has been pivotal in introducing the conversation about equity into the workplace over the years, and it continues to be a common approach leaders use to communicate DEI today. In theory, it is a straightforward strategy. Just let everyone know the facts in dollars and cents—the common language in business—and this will motivate people to stop being biased against historically excluded groups. Perhaps, if it is proven that diversity is profitable enough, and results in positive business outcomes, then leaders will even begin changing biased workplace systems that have long excluded women, employees of color, and other historically excluded groups. This rational approach is common because it is easy to forget that business people are people first and foremost.

While the transactional case may sound convincing to some, we must step back and ask, are we seeing the desired results? Is this argument eliminating bias in hiring, promotions, and compensation? Is it breaking down longstanding patterns of systemic racism and sexism and expanding opportunity? Is it changing the workplace culture and lived experiences for underrepresented groups? If we are seeing some results, are they mostly symbolic and indicative of surface level change, or is this approach to DEI transforming workplaces to the point where equity is the reality and no longer needs to be sold?

We now have evidence that the dominant transactional approach has come up short in promoting workplace equity. Leaders have used this messaging to back DEI efforts for decades, yet inequality persists. But why? The likely explanation comes down to its disconnect from workplace

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realities on both an individual and systemic level. It is time to stop and ask
an important question–can we do better? If we look around, we will see
there is still much room to grow and innovate. Innovation requires
questioning, scientific testing, and transforming current models that have
long dominated DEI strategies. While thousands of business leaders, DEI
professionals, and consultants depend on the transactional case as the go-
to message to promote equity, it is time to examine the effects of this
approach more closely and to explore alternatives.

B. Disconnect at the Individual Level

There is a disconnect between the corporate arguments for the value
of diversity and corporate action. Despite billions of dollars being invested
in DEI, organizational inequality in the workplace persists. Managerial
diversity has remained the same over the past forty years, with female
board representation hovering around twenty percent while C-Suites
remain overwhelmingly white and male.\textsuperscript{27} Research suggests the
transactional case may not be as persuasive as it was once assumed to be,
and in fact, may even lead to counterproductive results with respect to
racial inequality in the workplace.\textsuperscript{28}

Over the past fifteen years, I have conducted numerous studies using
a range of methodologies to examine this phenomenon. My empirical
findings repeatedly show that the transactional case is not as convincing
as we may hope.\textsuperscript{29} While I started out my scholarly career doing research
to better understand the business case and how it can be used to promote
more inclusive action, I soon discovered that relying on these transactional
arguments can increase bias and exacerbate existing inequalities.

For example, in a 2010 randomized experiment (n=63), I exposed
white college students to various videos that discussed organizational
performance.\textsuperscript{30} Participants were randomly assigned to view one of three
different videos. The “business case” video (also referred to as the

\textsuperscript{27} See Julia Boorstin, \textit{At the Current Rate, Corporate Boards Won’t Hit Gender Parity Until
2032, New Report Warns}, CNBC (Mar. 5, 2021), https://www.cnbc.com/2021/03/05/corporate-
see also Kate Rooney & Yasmin Khorram, \textit{Tech Companies Say They Value Diversity, but Reports
Show Little Change in Last Six Years}, CNBC (June 12, 2020), https://www.cnbc.com/2020/06/12/six-
years-into-diversity-reports-big-tech-has-made-little-progress.html [https://perma.cc/5BW2-25DL].

\textsuperscript{28} Bowman Williams & Cox, \textit{Principle-Practice Gap}, supra note 26, at 301; see also Mayer,
Sonenshein, Ong & Ashford, \textit{supra} note 24, at 1058; Bowman Williams, \textit{Breaking Down Bias}, \textit{supra}
ote 26, at 1473.

\textsuperscript{29} Bowman Williams & Cox, \textit{Principle-Practice Gap}, \textit{supra} note 26, at 301; see also Bowman
Williams, \textit{Breaking Down Bias}, \textit{supra} note 26, at 1473.

\textsuperscript{30} Jamillah Bowman Williams, \textit{The Social Psychology of Inclusion: How Diversity Framing
Shapes Outcomes for Racial-Ethnic Minorities}, GEO. UNIV. L. CTR. at 15 (forthcoming) (on file with
author) [hereinafter \textit{Social Psychology of Inclusion}].
“transactional case” video) featured transactional messaging stating that “diversity, whether it be race, gender, religion, or other differences in background and experiences yields superior outcomes.” The video displayed imagery of diverse groups and specifically discussed research that finds diversity benefits performance across a range of settings. Positive outcomes mentioned include enhanced learning, creativity, adaptability to market changes, and ability to promote progress and innovation.

The two control videos discussed organizational performance in general, but with no mention of diversity. One was a “neutral” control video that showed generic organizational logos and imagery, such as office boardrooms and organizational charts. No people were present in the videos, so there were no cues about race, gender composition, or diversity. The second was a “traditional” control video with imagery of a more traditional and mainstream workforce with mostly white males, a few white females, and a token number of people of color.

After viewing the video, the white participants were assigned to work on a problem-solving task with two teammates, one Black and one white. The study design ensured equivalent performance of the Black and white teammates across conditions. I found showing the “transactional case” video, which highlighted very common messaging around the benefits of diversity, actually increased bias in white participants. This heightened bias then led to negative outcomes for high-performing Black team members. For example, the white participants who viewed the transactional case video were less likely to select their Black teammate as team leader for a subsequent group task, making them ineligible for the leadership bonus. They also evaluated their Black teammate more harshly compared to the white participants who viewed the neutral and traditional control videos.

31. Id.
32. Id.
33. See id.
34. Id. at 9–10.
35. See id.
36. Id.
37. Id.
38. Id. at 11 (adopting questions from a civil service exam).
39. See id.
40. See id. at 12–13.
41. See id.
42. See id.
These results suggest that the transactional case imagery and messaging trigger loss aversion. In other words, the transactional case leads individuals to perceive a threat or loss of rewards and status for themselves or their group, either consciously or subconsciously. This leads them to counter the perceived loss of status and rewards by restoring the status quo, which is putting a white person in the high-status position.

For example, white participants who viewed the transactional case video were more likely to respond by assigning their white teammate as group leader—or by retaining the leadership position for themselves—despite feedback that they were lower performing than both their Black and white teammates. Something about the transactional case messaging and the great benefits brought by diverse “others” made them want to keep the opportunity and potential rewards in white hands (also known as opportunity hoarding). They were not persuaded by the possible performance benefits that the group may achieve by having a Black leader. Participants who viewed either the “neutral” or “traditional” control videos that did not include the transactional language were more likely to select the Black teammate as group leader. This finding suggests whites are less biased when they are less threatened by transactional case messaging. Whites had particularly high self-esteem when the video displayed imagery of a primarily white workforce and no transactional case messaging. In that condition, white participants reported higher self-confidence and acted more favorably toward the Black teammate.

Following the video and the team exercises, I also asked all participants the extent to which they agree with the transactional case philosophy that “diverse teams perform better than homogeneous teams.” The video explained that this proposition is supported by research. White participants were not persuaded. Those who were exposed to the transactional case were not only less likely to select a Black leader, but they were also significantly less likely to agree that diverse teams perform better than homogeneous teams. This suggests resistance to the idea that diversity improves team performance, which is a core concept of the transactional case.

44. Bowman Williams, Social Psychology of Inclusion, supra note 30, at 12.
45. Id. at 12–13.
46. See id.
47. See id.
48. See id.
49. Id. at 12.
50. See id.
Participants exposed to transactional messaging both rejected the idea that diverse teams are higher performing and brought their beliefs in line with their actions, which is also consistent with cognitive dissonance theory. These findings reveal that there may be a lack of true buy-in to the transactional case, and even backlash to it, expressed in both beliefs and behavior. This will lead to lackluster results when it comes to diversity, equity, and inclusion.

Not only does the transactional case trigger increased bias in white decision makers, it also harms the historically excluded talent, according to research by Oriane Georgeac and Aneeta Rattan. In a series of randomized experiments and qualitative interviews, they found that many LGBT+ and cisgender female employees are suspicious of companies that rely on the transactional case to justify DEI, and they also are less likely to feel that they belong at the organization. This may be partly due to a lack of focus on cultural change.

C. Disconnect at the Culture/Systems Level

What about the systemic racial bias that became a hot topic following the murder of George Floyd in 2020? The transactional case not only leads to negative individual attitudes and decision-making as the prior study demonstrates, but I also argue it is ill-equipped to change systemic bias and problematic workplace culture.

While the transactional case may incentivize leaders to invest in DEI programs, a disconnect in results remains. If diversity is so valuable, why haven’t the leaders also dismantled biased systems that reinforce unconscious bias and lead to pay gaps, glass ceilings, and in many cases, a toxic culture for members of historically excluded groups? With many corporate commitments and statements of solidarity, why are we still seeing high rates of bias and so many reports of microaggressions and other forms of unequal treatment that are exhausting and draining for women and people of color? If diversity pays, why are we not seeing culture shifts where this talent can thrive and bring those promised benefits?

The transactional case tends to operate at the surface level, looking primarily for return on investment. The investment is hiring the “different,” “diverse,” or historically excluded—e.g., Black, Latino, Asian, or other people of color—and the return on this investment is profit. In most cases, this carrot and stick approach does not acknowledge the very real cultural and systemic issues that create and sustain persistent

51. See discussion infra Section III.A.
52. See Georgeac & Rattan, supra note 26, at 69.
53. Id.
inequality. Signals of systemic inequality include toxic experiences, underutilized talent, and retention problems, where there is a revolving door and talent comes but will not stay. The transactional approach rarely addresses these realities, which is why it will come up short when it comes to meaningfully impacting the lives, opportunities, experiences, and career trajectories of underrepresented talent.

With a transactional approach, culture and systemic shifts are often overlooked in favor of simplified formulas regarding expected return. Decades of research demonstrate that culture is critical for promoting systemic change and more sustainable progress. In a study of over 800 organizations and 8 million employees, Frank Dobbin and Alexandra Kalev found that problematic workplace systems limit inclusion. They argue that we should focus on changing these systems rather than the biases of individual decision-makers. For example, persistent inequalities in managerial representation can largely be traced to systemic bias in common policies, practices, and procedures that create and reinforce barriers.

One such practice is network homophily, the process of closing off social opportunity by hiring and promoting through nepotism and/or an informal tap on the shoulder. Informal, network-based hiring is a key contributor to systemic bias in the workplace. This process primarily benefits the old (or young) boys network that is in charge of the referral process, by facilitating a preference for white males who can reproduce the company’s historical image. Network homophily can then lead to disparate allocation of opportunity, where the historically excluded do not receive the same mentoring, sponsorship, leadership training, high-status assignments, and other forms of exposure as other employees.

Other factors further entrench this disparate allocation of opportunity, such as a lack of transparency and structured accountability regarding workplace representation, promotion processes, and compensation. Companies that fail to track which employees their policies and practices have advantaged (and disadvantaged) are more susceptible to allowing systemic bias to continue in their workplace. For example,

54. See generally Dobbin & Kalev, supra note 1.
55. See generally id.
58. Id.
without dedicating a team to ensuring workplace outcomes are equitable, a company may assign bonuses based on biased subjective evaluations, or they may engage in gatekeeping by only selectively requiring the passage of tests and qualifications that are not significantly related to performance.\footnote{See generally Dobbin & Kalev, supra note 1.} They may also promote inflexible ideal work norms that demand long hours of face-time, thus penalizing caregivers and other top performers who require or thrive with flexibility/leave.

The transactional case focuses primarily on numerical representation, hoping to bring financial results without addressing the organizational barriers, which is why systemic inequality persists. To address these deeper issues, companies should move away from a narrow focus on the transactional case. Instead, the focus should shift to a culture of shared values that addresses inequality by making space for all talent to belong, grow, and thrive—a culture built on authentic and action-oriented allyship and cross-team dedication to advancing equity. Companies should make this change not because it will lead to business gains, but because of human connection and because it is the right thing to do.

II. ALIGNING WITH THE TRANSFORMATIONAL CASE FOR INCLUSION

While transactional case messaging that emphasizes the bottom line is conventional thinking, the challenges and drawbacks discussed above warrant revisiting alternatives. Once I discovered the counter-intuitive pattern of the transactional case for diversity being detrimental I examined what type of messaging may be more effective at promoting inclusive decision-making. Findings from my subsequent research are consistent with Van Zant & Moore and Mayer, Sonenshein, Ong, and Ashford\footnote{Compare Van Zant & Moore, supra note 19, and Mayer, Sonenshein, Ong & Ashford, supra note 24, with Bowman Williams & Cox, Principle-Practice Gap, supra note 26.} in other business contexts. I found that inspiring beliefs about what feels like “the right thing to do” is most likely to motivate actions that challenge the status quo and promote real change.

A. Goals of the Transformational Case

While the transactional case monetizes inclusion for rational gain, a transformational case goes beyond symbolically valuing diversity for business performance and profit. It inspires people to internalize the core social value of equity. It makes equity mean something to people and makes them feel like they want to be a part of the change. When organizations make a transformational case for diversity, equity, and inclusion, they are not trying to justify its value to the bottom line. Instead
of needing to prove that women and employees of color belong because they can bring economic rewards stemming from their identities, leaders making a transformational case emphasize that it is the right thing to do and aligns with their core values and those of the organization. This feeling will drive a person to act in ways consistent with this vision of a new future, despite their own rational self-interest and perceived economic gain.62

Directly or indirectly, the transformational case promotes connection and awareness about systemic inequality. It often embraces storytelling in a way that generates empathy and perspective-taking, which in turn motivates action.63 A transformational case connects people, identifies common ground, and generates compassion around the required conversations needed to shift attitudes and behavior in a meaningful way.64 Neuroscientists have found that belief in the universality of human rights and dignity is key for meaningful change.65 This growing body of research demonstrates that belief in and compassion for this intrinsic human dignity is not only transformative for the brain, but also the key to fueling systemic cultural change.66 With evidence that the transactional approach is coming up short, the next step in my research was to discover more about how to effectively drive inclusive action. In several related studies, I began to uncover how a transformational approach can be used to motivate more action rather than more rhetoric around equity and inclusion goals.

B. Closing the Gap Between Diversity Beliefs and Inclusive Action

In 2018, I conducted a nationally representative survey of working adults (n=1,643) to examine the extent to which the U.S. workforce supports DEI goals.67 By design, this survey sample resembles broader U.S. demographics by race, gender, geography, education, age, and other characteristics.68 Participants reported on whether they believe “it is important to strive for diversity in [the workplace],” on a scale from 0–100, with 0 meaning it is “Not At All Important” and 100 meaning

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62. Bowman Williams, Breaking Down Bias, supra note 26, at 1509.
63. Bowman Williams & Cox, Principle-Practice Gap, supra note 26, at 310.
66. See id.
68. See id.
“Extremely Important.” On average, participants rated the importance of diversity at 79.4/100, suggesting overall support.

Building on my prior research findings about the pitfalls of the transactional case, I also asked the survey respondents whether they believe diversity is important for a series of business reasons, moral reasons, or both. I found the transactional case is somewhat more highly-endorsed than the transformational case. Eighty-three percent responded they believe it is important to strive for diversity because it improves ability to serve clients, 79% responded it is important because it is the right thing to do morally, and 79% responded it is important because it provides a fair chance for members of underrepresented groups.

These rationales all receive relatively high support in principle, demonstrating that companies using transformational messaging are not far out of step with what most people in the workplace say they already believe to a large extent. While the transactional case is somewhat more widely endorsed, my results from three additional studies reveal that people more centrally aligned with the transformational case are more inspired to take action in support of inclusion, relative to those who endorse the transactional case.

In a 2011 survey study of white participants (n=181), many of whom were managers, I asked twelve questions related to various rationales for diversity. This study was a first step towards constructing and validating a scale to measure workplace diversity beliefs. The survey started with the stem: “To what extent do you believe the following factors are important reasons to strive for diversity in the workplace?” Twelve specific rationales were listed, and responses were recorded on a seven-point scale from “1=Not at All Important” to 7=“Extremely Important.”

I analyzed responses to these diversity belief questions by performing a principal-components factor analysis with oblique rotation. The results yielded two separate diversity beliefs factors, each representing a distinct underlying construct. This means that responses were patterned and tended to cluster into two categories, a
“Transformational/Justice” diversity belief system or a “Transactional/Economic” diversity belief system.  

I then conducted a logistic regression analysis to examine whether these two diversity belief systems predict the actual workplace actions taken by the white participants, such as a promotion decision. To measure workplace action, participants were asked to respond to an organizational scenario in the form of a vignette. A vignette is a short description of a situation shown to survey participants to elicit their judgments about the scenario. In this case, they had an opportunity to promote a highly qualified Black candidate who faced systemic bias in the workplace and was initially passed up for a promotion (Vignette in Appendix). I found that high Factor 1 scores—indicating strong alignment with the transactional belief system—did not predict the decision to promote the Black candidate. On the other hand, high Factor 2 scores—or alignment with the transformational belief system—did significantly predict the decision to promote the Black candidate.  

I also conducted a multiracial survey study (n=311) in 2011 to gain qualitative insights and to investigate what motivates action among both whites and people of color. In this study, my coauthor, Jonathan Cox, and I closely examined: (1) the reasons people express regarding why they support diversity efforts, in their own words, and (2) which of these narratives seem most connected to inclusive action. Consistent with my prior findings, 80% of participants say diversity is an important goal in organizations. This finding further confirms that people generally agree with striving for workplace diversity in principle. Yet, only 38% of those who report that diversity is an important goal actually took action to promote a promising Black job candidate to a leadership position in a workplace where people of color were vastly underrepresented. I identify this as the principle-practice gap.
Figure 1. The Principle-Practice Gap: Stating that Diversity Is Important Does Not Necessarily Translate Into Action.\textsuperscript{91}

![Image showing the principle-practice gap]

I also asked these participants to explain, in their own words, why they think workplace diversity is important. Coding of these open-ended responses revealed an underlying theme that there are those who say diversity should be a goal because it enhances outcomes (transactional) and those who explain that it is important to address inequality (transformational).

Figure 2. Why Workplace Diversity Is Important in Participants’ Own Words.\textsuperscript{92}

Those who point to business outcomes as the reason diversity is an important goal say things like:
- “Diversity helps with the bottom line.”
- “Diverse viewpoints are critical to an organization’s success.”
- “A diverse workforce will be better able to serve a diverse client base.”
- “Diversity of thought creates better solutions.”
- “New people from different cultural backgrounds can bring in new ideas. Enhances innovation and creativity.”

Those who point to inequality as the reason diversity is an important goal say things like:
- “To ensure equity in society.”


\textsuperscript{92} Id. at 48.
“Everyone deserves an equal chance to an opportunity.”
“Oh, Lord. It’s the right thing to do…”
“Progress has been made, but not far enough.”
“Racial minorities have not been considered for important positions simply because of their race.”

Despite describing in their own words that diversity is important because it improves organizational outcomes, only 31% of participants who mentioned enhanced outcomes promoted the Black job candidate when given an opportunity. On the other hand, over half, or 51%, of those who described diversity as being important to address inequality promoted the Black candidate. This suggests a principle-practice gap for both groups but a smaller gap for those focused on addressing inequality (transformational case).

Interestingly, for the white men in this study, regardless of the story they tell for why diversity is important, very few were willing to promote the Black male candidate. In the promotion vignette, the Black male candidate had leadership experience and high-performance ratings. The white candidate was also high performing, but he had less experience than the Black male, yet he was favored by the supervising partner in an overwhelmingly white firm. In the study, even among the white men who reported that diversity is an important goal, only 6% promoted the Black male. White men continue to hold many positions of power in organizations, so with this phenomenon, you will continue to see barriers to entry and a glass ceiling that feels unbreakable. And until recently, few questions were asked because people commonly hide biases behind a veil of colorblindness and surface level buy-in to diversity. In many cases, the white person is judged to be the “best person for the job” even when the minority talent is demonstrably superior.

The colorblind conundrum exposes that not all people who say they believe diversity is important are equally committed to change. In the qualitative study described above, we found that people endorsing diversity (either because of a transactional case or because of a transformational case) but with underlying “colorblindness” beliefs, tend to be more performative and less committed to practices that would

93. Id. at 309.
94. Id.
95. Id.
96. See id. at 311.
97. See infra Appendix A.
98. See Bowman Williams & Cox, Principle-Practice Gap, supra note 26, at 306.
99. Id. at 309.
100. See id. at 309.
counter structural inequality. It is a common sentiment that diversity is important, race does not matter in decision-making. Those aligned with this ideology insist that qualifications and merit are more important, as if these cannot coexist with diversity. This seems to suggest that despite reporting buy-in, individuals aligned with the transactional case may fail to act in ways that promote equity because they don’t really internalize the core principle that diverse talent improves business outcomes. Or, they are expecting this talent to meet some heightened performance standard to prove they are qualified. In these settings, employees of color feel like they are never enough, despite what they may bring to the table.

In another 2011 randomized experiment (n=220), I found that moral messaging, like that studied by Van Zant and Moore (2015) and Mayer, Sonenshein, Ong, and Ashford (2019), does not have to be explicit to have a transformational effect. There is other messaging that inspires moral beliefs, which can also lead to positive outcomes. In this study, participants exposed to messaging about civil rights law as a reason DEI is important were more likely to take action than those exposed to messaging about the transactional case for DEI. This may be surprising given that many think of “the law” as being too top-down, externally driven, punitive, and maybe even coercive—all things that could create backlash to DEI efforts.

Maybe certain messaging about legal mandates and compliance can lead to negative results, but discussing civil rights law, in particular, inspires greater moral beliefs about diversity. These moral beliefs then motivate more inclusive workplace promotion decisions. This means civil rights law, while apparently effective at driving action, has limited effect in and of itself, after accounting for the moral beliefs it stirs up. So moral beliefs are key, or the “black box,” to why discussing civil rights law leads to greater action relative to the transactional case.

101. See id. at 303.
102. See id.
103. See id. at 311.
104. Id.
105. See id.
106. Compare Van Zant & Moore, supra note 19, and Mayer, Sonenshein, Ong & Ashford, supra note 24, with Bowman Williams, Social Psychology of Inclusion, supra note 30
108. Bowman Williams, Breaking Down Bias, supra note 26, at 1491.
109. Id.
111. Id.
112. See generally id.
These findings suggest that part of the challenge is finding messaging and other leadership approaches that unlock the moral box that will drive more equitable actions and outcomes consistent with DEI goals. I argue that this messaging is transformational, not transactional. DEI efforts will not reach their full potential until they move away from the transactional case and renew emphasis on the social and moral reasons for stopping racism, sexism, xenophobia, and homophobia—both systemic and attitudinal. These efforts also require a collective shift in culture to make sustainable progress, not just a series of disjointed individual actions and investments.

Figure 3. From Transactional to Transformational Inclusion.¹¹³

¹¹³. EQUITY EVERY DAY, supra note 91, at 55.
III. NEXT STEPS: EXAMINING SOCIAL PSYCHOLOGICAL MECHANISMS

The next stage of my research seeks to build on my prior findings by further examining why transformational messaging leads to positive outcomes for Black employees, while transactional messaging leads to negative outcomes, with greater attention to social psychological mechanisms. More specifically, how do workplace decision-makers respond to DEI messaging, and how does it influence their hiring, promotion, evaluation, compensation, and other high-stakes decisions that shape experiences and outcomes for Black employees and other employees of color? Frank Dobbin and Alexandra Kalev emphasize the central importance of identifying the workplace systems that contribute to workplace inequality, noting the risks of trying to change individual attitudes and behavior.\(^{114}\) My next set of studies will continue to take on that daunting task.

This leads to two more specific research questions: (1) to what extent do alternative types of messaging (e.g., transactional vs. transformational) trigger cognitive bias in white decision makers, such as: zero-sum bias, cognitive dissonance, loss aversion, colorblind racism, persuasion knowledge, and group threat?; and (2) to what extent do these alternative types of messaging trigger positive social psychological responses such as: empathy, positive affect, acknowledging bias, internalization of diversity goals/values, and moral beliefs that inclusion is “the right thing to do?” Below, I discuss these potential social psychological mechanisms that may help explain the lack of inclusive action, and I present a foundational theoretical framework of why we should move to transformational leadership.

A. Mechanisms for Negative Outcomes

Several well-known social psychological theories help explain why certain inclusive leadership strategies, including the transactional approach, may backfire. These theories may expand our understanding of the psychological processes a workplace decision maker experiences when told about the value of diversity and to make decisions to advance DEI. While some of these theories deal with general cognitive bias that all humans contend with, others deal more centrally with the realities of racism, anti-Blackness, and group threat that certain DEI messaging may be more likely to trigger than others. Once we begin to acknowledge these processes and dynamics, we can have more informed conversations about DEI efforts and the lack of progress many organizations face.

\(^{114}\) See generally Dobbin & Kalev, supra note 1.
1. Cognitive Dissonance

Cognitive dissonance is a term coined in 1957 by Leon Festinger.¹¹⁵ It describes the tension felt when there is a misalignment between a person’s beliefs and actions.¹¹⁶ When this happens, the person must resolve the tension by adjusting their beliefs or actions accordingly.¹¹⁷ For example, by over-emphasizing the organizational benefits of racial diversity, the business case may lead a white person to reject its validity entirely based on their pre-existing beliefs about their own racial group’s benefit to the organization—although both can be true at the same time.¹¹⁸ When a white man is told they need racially diverse others to reach peak performance, they may envision or recall experience where white employees have been high performers, and then align their behaviors—e.g., selecting a white candidate—with their belief that their own group’s talent benefits the business.¹¹⁹

Reactive choices based on this dissonance can be reduced by shifting to messaging to be more transformational based on continuing inequity and shared human connection without suggesting any relative performance value based on group identity. This messaging is more likely to align with their pre-existing transformational/justice beliefs and, thus, more likely to lead to inclusive action.

2. Zero-Sum Bias

Transactional DEI messaging may be more likely to trigger zero-sum bias, which in turn, can lead to opportunity hoarding among members of the advantaged group. “Zero sum” is a term from game theory that describes a situation where gains by one party are matched by corresponding losses to another party.¹²⁰ Zero-sum bias is defined as “intuitively judging a situation to be zero-sum . . . when it is actually non-zero-sum.”¹²¹ Social scientists have long suspected that zero-sum bias may be the basis for other psychological mechanisms that prevent inter-group cooperation in contexts such as immigration, free trade regulation, and

¹¹⁶. See id. at 3–4.
¹¹⁷. See id.
¹¹⁸. See Meegan, supra note 120, at 1.
¹¹⁹. Id.
anti-discrimination law. This is because those with a zero-sum bias belief system often refrain from granting opportunity to those they perceive to be outside of their group. This occurs, in part, because granting such opportunities would be perceived as something you are taking away from one’s own group. When one already perceives their group has ownership over something, like organizational status and rewards, giving it away becomes much less appealing and leads to opportunity hoarding.

The transactional case, in particular, can elicit zero-sum bias due to the disproportionate focus on numerical hiring goals. Every tick a non-white employee inches up on the transactional charts and figures is perceived as a loss for a white man. The transactional case may also lead racially advantaged workers to believe that the strengths that racially diverse candidates bring to the table necessarily cancel out their own strengths.

3. Loss Aversion

The transactional case messaging may be more likely to trigger an asymmetry of value known as loss aversion. People seek to avoid losses more than they aim to achieve gains because we experience the pain of a perceived loss more strongly than the pleasure of a perceived gain. For many people, the potential benefits and gains that greater diversity will bring do not outweigh the perceived losses. If the transactional case elicits a zero-sum mentality, loss aversion will likely cause decision-makers to take actions that maintain the status quo. In 1988, Samuelson and Zeckhauser coined this term “status quo bias.”

This behavioral phenomenon is also known as opportunity hoarding. Opportunity hoarding is a related sociological term for this coined by Charles Tilly in 1998 that describes the process by which dominant social groups control access to community resources to their

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122. See Meegan, supra note 120, at 6; see also Michael I. Norton & Samuel R. Sommers, Whites See Racism as a Zero-Sum Game That They Are Now Losing, 6 PERSPS. ON PSYCH. SCI. 215, 217 (2011).
123. Meegan, supra note 120, at 1.
124. Id.
126. See id. at 194.
127. See id. at 203.
128. See id.
129. Id. at 194.
own group’s benefit. In recent years, opportunity hoarding has been conceptualized as a mechanism or means for exploitation of socially disadvantaged groups.

4. Colorblind Racism

While we see study after study demonstrating bias in hiring, evaluation, promotions, and compensation, we still frequently hear people insist they are colorblind and they only care about who is best for the job. Even people who report that diversity is important often give a nod to this value, that “race doesn’t matter to me,” but then continue to judge all the people of color as less qualified in some way. Their actions and the resulting outcomes don’t seem colorblind at all. Sociologist Eduardo Bonilla-Silva at Duke University coined this tendency “abstract liberalism” in his book, *Racism Without Racists*. It is often in play when decision-makers use biased lenses and shifting notions of merit that make being the most “qualified” a moving target that favors the status quo—often white men. Bonilla-Silva finds that while people who self-proclaim to be colorblind say they oppose racism, they also tend to blame racial inequities on individual inadequacies. With this mindset, in one way or another, the person of color is always missing something, which is a story the colorblind person constructs to justify their exclusion or inaction.

By using the abstract language of meritocracy, individuals can formulate seemingly reasonable arguments (i.e., Diversity is important BUT “we should hire the best person for the job, regardless of race or gender”). This justifies inaction and reinforces inequality while maintaining an image of fairness. While being colorblind may sound like an admirable ideal, both unconscious and conscious bias, as well as structural and historical realities, make being colorblind impossible. It is not how the brain works, and socially, it is not how human beings

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131. Id. at 1.
132. See id.
133. See Bowman Williams & Cox, *Principle-Practice Gap*, supra note 26, at 305.
137. See BONILLA-SILVA, supra note 134, at 76.
operate.\textsuperscript{138} Color counts, even when people claim it does not, and even when they say they care about diversity. Acknowledging this reality is quintessential to remedying racism the workplace.

5. Persuasion Knowledge

Framing based on the transformational case for diversity may also reduce persuasion knowledge, which refers to personal knowledge individuals tend to develop about the tactics used to “sell” them something.\textsuperscript{139} The feeling that one is being persuaded or sold something can often lead to feelings of suspicion, which may result in a lack of true buy-in to the importance of investing in DEI.\textsuperscript{140} The transactional case treats diversity and inclusion as a cost-benefit analysis, dehumanizing the people involved and stifling connection, community building, and collective accountability.\textsuperscript{141} “Justification” or “proof” of the performance and bottom-line value of a person’s identity feels like a sell, which triggers persuasion knowledge.\textsuperscript{142} This defensiveness is avoided through the transformational case because it does not seek to persuade a person that DEI is rational and will benefit them or their team.\textsuperscript{143} It instead appeals to a person’s emotions and core values about what is right and wrong.

6. Group Threat

The transactional case may be more likely to lead members of the dominant group to view members of marginalized groups as direct competitors for scarce economic and social resources.\textsuperscript{144} By perpetuating the cultural belief that Blacks are lazy, incompetent, or intellectually inferior, whites have traditionally had less competition for well-paying, high-status jobs.\textsuperscript{145} Similar tactics are used to marginalize and exclude women.\textsuperscript{146} Transactional messaging may trigger negative feelings and behavior toward minorities because it counters these stereotypes and

\textsuperscript{138} See White & Gonsalves, \textit{Dignity Neuroscience}, \textit{supra} note 65, at 41.

\textsuperscript{139} Marian Friestad & Peter Wright, \textit{The Persuasion Knowledge Model: How People Cope with Persuasion Attempts}, 21 J. CONSUMER RSCH. 1, 2 (1994).

\textsuperscript{140} See id. at 23.

\textsuperscript{141} See id. at 17.

\textsuperscript{142} See id. at 6.

\textsuperscript{143} See id.


\textsuperscript{145} See Bobo & Hutchings, \textit{supra} note 144, at 960.

\textsuperscript{146} Uhlmann & Cohen, \textit{supra} note 135, at 478.
places high economic, performance, and business value on the non-white talent, posing a threat.\textsuperscript{147}

Bobo and Hutchings build on Blumer’s group position model, which suggests that “[f]eelings of competition and hostility emerge from historically and collectively developed judgments” about positions in the social order that “in-group members should rightfully occupy” regarding an out-group.\textsuperscript{148} For example, there are only a limited number of jobs, quality assignments, and promotions, particularly when economic conditions are bleak.\textsuperscript{149} White men may feel these privileges are being taken by the “diverse” and historically lower status candidates emphasized by the DEI messaging.\textsuperscript{150} Thus, any potential loss of these privileges and status may lead to white decision-makers feeling threatened, potentially resulting in discriminatory behavior aimed at restoring the status quo.\textsuperscript{151} If a threat is perceived, discrimination may act as a preservation tactic that allows traditionally privileged group members to continue collecting valued rewards.\textsuperscript{152}

\textit{B. Mechanisms for Positive Outcomes}

Leadership approaches can also be used to minimize these negative social psychological reactions and to maximize more positive responses. For example, transformational leadership may trigger psychological responses that are more growth and change-oriented—emphasizing humanity, inequality, fairness, and dignity. Messaging that facilitates empathy, positive emotion, acknowledging bias, internalization of diversity goals, and the moral belief that inclusion is “the right thing to do” thus, may also be more likely to drive inclusive workplace decision-making and actions.

\textit{1. Empathy}

Just as certain DEI messaging can trigger negative responses that harm Black employees and members of other historically excluded groups, messaging can also trigger positive social psychological responses that promote inclusive action.\textsuperscript{153} For example, a leader’s approach to DEI may

\textsuperscript{147} See Knowles & Tropp, \textit{supra} note 144, at 276.
\textsuperscript{148} Bobo & Hutchings, \textit{supra} note 144, at 955.
\textsuperscript{149} See \textit{id.} at 956.
\textsuperscript{150} See \textit{id.}
\textsuperscript{151} \textit{id.}
lead to greater empathy, which has been theorized to promote positive action for change.\textsuperscript{154} Empathy is generally defined as the ability of one individual to understand and share the feelings of another. Social psychologists have categorized empathy into two categories of responses: emotional or cognitive.\textsuperscript{155} “The first is feeling the same emotion as another person . . . sometimes attributed to emotional contagion.”\textsuperscript{156} The second emotional component is personal distress, which refers to an individual displaying feelings of distress.\textsuperscript{157} There is a positive correlation between an individual’s level of empathetic concern for someone else and their desire to help those people.\textsuperscript{158}

DEI approaches that both display and encourage empathy may be more likely to promote inclusive action that materially improves workplace experiences and outcomes for employees of color. Empathetic leadership styles at both the organizational and individual levels have been shown to positively impact worker experiences and productivity, while a lacking display of empathy negatively affects recruitment and retention.\textsuperscript{159} In 2021, the Society for Human Resource Management (SHRM) surveyed nearly 2,500 U.S. workers about the role of empathy in their work experiences. Ninety-seven percent of workers surveyed considered empathy to be an essential quality of a healthy workplace.\textsuperscript{160} When empathy is not promoted in company culture, employees report being less likely to see their workplaces as a safe space to provide feedback about their experiences without fear of penalty, punishment, or retaliation.\textsuperscript{161} Furthermore, organizations that prioritize empathy in their company culture and leadership see heightened levels of “collaboration, less stress, and greater morale, and their employees bounce back more quickly from difficult moments.”\textsuperscript{162}

Thus, transformational DEI approaches that promote empathy may promote the deeper cultural changes that are key to eliminating the disconnect between diversity principles and action discussed above.\textsuperscript{163}

\textsuperscript{154} Id. at 297.
\textsuperscript{155} Id. at 296–97.
\textsuperscript{156} Id. at 296.
\textsuperscript{157} Id.
\textsuperscript{158} Id. at 297.
\textsuperscript{160} Id. at 3.
\textsuperscript{161} Id. at 5.
\textsuperscript{163} See id.
Members of marginalized groups may be more likely to feel “seen” which can enhance their feelings of belonging and trust. The transactional case, on the other hand, is focused on how an individual’s identity can be used for an individual, team, or organizational gain, which neglects the power of empathetic messaging. The transformational case for diversity is more likely to harness empathy by encouraging employees to connect, share stories, engage in perspective-taking, and find common ground in the context of the organization and leader’s values. This type of leadership through empathy is more likely to promote action on behalf of marginalized groups rather than just rhetoric.

2. Positive Emotion

Transformational framing that relies more centrally on emotional appeals, rather than the rational appeals of the transactional case, may be more likely to prompt specific affective responses—i.e. positive or negative feelings. These emotional reactions trigger judgments that generally reflect the type of affect used in message framing (e.g. positive affect signals positive judgment, whereas negative affect triggers negative judgments). Positive emotions can be used in DEI messaging to help leaders influence managers, employees, customers, and even investors to take positive action. For example, research shows that positive emotions in marketing and internal communications broaden individuals’ thought-action repertoires, repress negative emotions, and build psychological resilience that trigger enhanced well-being. A recent study conducted by advertising experts at ITV, System1, and DECA reveals that using positive emotions helps drive brand growth. More specifically, their research found a positive correlation between the association of positive emotions and diverse on-screen representation.

164. See id.
165. See id.
166. See id.
168. See id. at 10.
170. Waters, MacRory & Evans, supra note 169, at 9.
171. Id. at 23.
In shifting from a transactional to a transformational approach, leaders should refrain from employing a generic “push marketing approach” to a broad audience and create messaging that connects to individuals on a humanistic level by using language that positively associates emotions and diversity.\textsuperscript{172} Organizational leaders can inspire positive action by using positive emotional language centered around a communal sense of belonging and motivation to create an inclusive space in internal and external messaging.\textsuperscript{173} Emotional empathy, discussed above, may also be associated with positive emotions or negative feelings of shared fate, compassion, or even some distress as one acknowledges another person’s experiences, challenges, or history of disadvantage.\textsuperscript{174} This could engender negative emotions that ultimately promote inclusive action on behalf of a colleague.\textsuperscript{175}

3. Acknowledging Bias

When biases, microaggressions, and discrimination go unchecked, a toxic culture can emerge affecting employee productivity, comfort, and health. Becoming aware of the experiences of others and acknowledging bias—both individual and organizational—are important steps in the process of correcting workplace inequality. A person is unlikely to counter and correct bias and inequality if they do not believe it exists.\textsuperscript{176} Acknowledging bias is the opposite of the colorblind ideology discussed above, where racial differences and inequality are rationalized and attributed to individual inadequacies.\textsuperscript{177}

The transactional case focuses on profit and economic advantages that can be achieved through diversity, rather than revealing and addressing the deeper root causes and effects of bias on individuals and organizations. On the other hand, a transformational approach that incorporates recognizing historical and contemporary barriers and dismantling problematic systems that allow bias to continue will be more likely to promote meaningful inclusion and sustainable change.\textsuperscript{178} When individuals acknowledge bias, they are more likely to engage in inclusive

\begin{itemize}
  \item \textsuperscript{172} See id. at 9.
  \item \textsuperscript{173} See id.
  \item \textsuperscript{174} See id.
  \item \textsuperscript{175} See id.
  \item \textsuperscript{177} See generally \textit{Bonilla-Silva}, supra note 134.
  \item \textsuperscript{178} See generally Bowman Williams, \textit{Breaking Down Bias}, supra note 26.
\end{itemize}
decision making, such as hiring, promoting, developing, and fairly compensating Black employees.  

4. Internalization of Diversity Goals

The internalization of inclusive beliefs is another mechanism to foster inclusive action in the workplace for those who already have some underlying belief in equity. Internalization is a component of a larger framework that seeks to understand attitudes and behavioral changes. It is one of three processes by which actors within an organization respond to social influence. An internalization process highlights when actors will engage or oppose inclusive action in response to organizational diversity messaging. Specifically, internalization arises when an individual accepts an organization’s belief or behaviors because it aligns with their personal value system. The individual may determine the adopted behavior is congruent to their own character, thus, adopting the behavior.

Social situations influence how or when beliefs are expressed and internalized beliefs are not necessarily expressed universally. However, truly internalized beliefs are considered amongst other factors in relevant situations. A transformational case may be most effective in promoting the internalization of diversity goals, and resulting inclusive action, for those individuals who already consider equity as a personal value. When the internalization process is solidified, the individual will no longer need an external influencing agent, or any external reinforcing circumstances to engage in inclusive action.

5. Moral Beliefs

Lastly, as discussed above, framing that facilitates moral beliefs about diversity has a greater chance of promoting inclusive action, compared to cases that justify diversity according to its economic benefits. This is because diversity and inclusion are social issues, which

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179. Id. at 1501; see also Bowman Williams, Accountability, supra note 59, at 1606.
181. Id. at 62.
183. See Kelman, supra note 181, at 65.
184. See id.; see also at 61–62; Status Processes, supra note 182, at 9.
185. See generally Kelman, supra note 181.
186. See id. at 65.
187. See generally Bowman Williams, Social Psychology of Inclusion, supra note 30; Mayer, Sonenshein, Ong & Ashford, supra note 24.
inherently involve moral values about what is right and wrong. Business and economic cases for diversity, however, have historically been the most widely used, precisely because there is a fear of employee repercussions for using a moral framing to promote diversity and inclusion. This fear is not entirely unfounded; research has shown organizations engage in “moral muteness” by discouraging employees from using moral framing, or they suffer consequences in their career. In some cases, morality has also been used to limit rights for marginalized groups, such as LGBTQ+ and religious minorities. For example, surveys of LGBTQ+ workers reveal reports of unfair treatment at work and experiences of management referring to their LGBTQ+ identity as a moral violation deserving of adverse treatment. Nonetheless, the research discussed above reveals that approaches that drum up moral feelings about diversity are the most promising ways to motivate inclusive action.

**CONCLUSION**

I see the business case as an important first step in modern DEI work. Speaking about DEI in business language and outlining the case for equitable actions in terms of business outcomes, allowed EEO professionals and consultants to continue with conversations and equity efforts, even after backlash to affirmative action that occurred in the 1980s. Perhaps DEI survived because of the business case. Then in 2020, the murder of George Floyd reinvigorated the conversation in businesses across the country and brought the transformational and moral issues back to the forefront.

It is important to form interdisciplinary collaborations to learn more about what is needed to finally translate conversation about DEI into meaningful action. While the transactional case for diversity is both

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190. Mayer, Sonenshein, Ong & Ashford, supra note 24, at 1059.
193. See generally id.
194. See Mayer, Sonenshein, Ong & Ashford, supra note 24, at 1058.
popular and compelling, the research discussed in this paper reveals that it is often more rhetoric than action. Even when people say they believe diversity is good for business, which many do, too often, it doesn’t lead them to take tangible steps that would further include women and employees of color. And, in some cases, it may increase bias. For many others, it just doesn’t resonate, despite the perceived rational appeal. Yes, diversity has important business and economic implications. But rather than over-emphasizing the economic benefits of an individual’s identity, DEI should centrally be about transformational leadership and equity every day. This requires moving away from messaging that emphasizes what diversity and inclusion will “pay” companies, teams, and individuals to be inclusive and strive towards a more humanistic and transformational approach.

We must also understand and acknowledge the social psychological realities discussed in Part III to combat them. Do not assume that reported buy-in to the transactional case translates to action. Acknowledge that because of a range of cognitive biases, there may be more of an uphill battle to get people who say they are committed to diversity in principle to act, particularly white males. Perhaps a transformational case is a step in the right direction rather than waging this war over which identity group brings the greatest business rewards in any particular context.

We now have enough evidence that leaders who use transformational messaging to inspire moral beliefs are more likely to motivate people to act in ways consistent with these beliefs, which translates to action that advances equity in real ways. To inspire real change, messaging should be people and culture-centered, not profit-centered. Defeating generations of subconscious learning and socialization around who is most intelligent, confident, tough, and the prototypical image of a “leader” as white and male is a difficult ask. It won’t always feel comfortable. It takes bravery to confront bias and challenge problematic systems—particularly if they work to your advantage. It can also feel risky for those who have been historically marginalized in these careers to stand up for change. To see real progress, we need more disruptors from every background, across functions, and at every level of the organization. With respect to messaging, leaders need to know the science behind their approach, and gain expertise in narrative and storytelling to make a greater impact.

Leaders should now move towards messaging that strikes moral chords and sparks emotion by telling stories, connecting through shared purpose, and broadening awareness of historical and current inequality. This is a reminder of our common humanity and core social values of equality, respect, and dignity that have not been realized. We saw this in Summer 2020 when masses turned out to stand against racial injustice and
biased systems. Being a transformational leader involves dismantling biased systems and creating a culture where all talent is developed and can thrive because it is the right thing to do. That is business. To quote David Thomas and Robin Ely, leaders in establishing the business benefits of DEI in the early 1990s:

[W]hile there is a business case for diversity—one that rests on sound evidence, an expansive definition of what makes a business successful, and the presence of facilitating conditions—we are disturbed by the implication that there must be economic grounds to justify investing in people from underrepresented groups. Why should anyone need an economic rationale for affirming the agency and dignity of any group of human beings? We should make the necessary investment because doing so honors our own and others’ humanity and gives our lives meaning. If company profits come at the price of our humanity, they are costing us too much. And if diversity initiatives fail to reckon with that trade-off, they will amount to little more than rearranging the deck chairs on a sinking ship.¹⁹⁵

APPENDIX A. PROMOTION VIGNETTE¹⁹⁶

Dear Member of Max Corp Dispute Committee, please carefully review the case and be prepared to offer your recommendations. Darnell is a fourth-year associate at Max Corp. When John, a new associate with previous experience was hired, a senior partner asked Darnell to “show him the ropes” at Max Corp. Darnell, John, and the senior partner would all be working together in the same division. Darnell agreed and felt that this would be a good opportunity to demonstrate his leadership at the company. After a few months, Darnell noticed that John and the partner were getting along very well. The partner praised John’s performance, they frequently went out to lunch, and they were always chatting amongst themselves in the partner’s office. Darnell also noticed that John was receiving more of the assignments with the most prestigious clients. A year later, John was recommended for promotion, mainly as a result of his performance on a case with a very prestigious client and a fine recommendation from the partner. Although both employees did promising work and had similar evaluations on record, Darnell was not recommended for promotion. Darnell became concerned due to the fact that, of thirty-nine associates who were promoted this year at Max Corp, only three were members of a racial minority group. Darnell has requested that his situation be reviewed.

¹⁹⁵. Ely & Thomas, supra note 7.
¹⁹⁶. Bowman Williams & Cox, Principle-Practice Gap, supra note 26, at 306.