Study: Executives Could Do Better on Diversity

When it comes to diversity, very few C-suite executives score high marks.

Just one in 10 top-level decision-makers—including CEOs, CFOs and others—are "proactive" about incorporating diversity at work, according to Egon Zehnder International, an executive search firm.

The firm, which pooled data from 4,000 candidate evaluations conducted over the past decade, found that most executives were "reactive" or "active" on diversity, meaning that while they were accepting of diverse viewpoints, they didn't work to promote discussion or bridge diversity gaps in the organization.

But the concept of diversity can be vague and difficult to quantify, acknowledges Michel Deschapelles, a consultant at Egon Zehnder.

Many decision-makers make the mistake of equating diversity with "metrics and compliance" instead of fostering an environment of real inclusion, Mr. Deschapelles says.

That's when unconscious biases can flourish, leading to what he calls "micro-inequities," such as repeatedly mispronouncing a foreign name or excluding from meetings employees who exude "otherness" (say, in gender, race or personality).

Another common oversight: when a group of men banter about sports before a meeting, a subtle move that can sometimes exclude the women in the room.

Diversity may not be a priority for many top executives because they tend to emphasize more tangible results-oriented areas, such as team leadership and market knowledge, Mr. Deschapelles says.

—*Leslie Kwoh*

Managers: Ignore Bad Reviews at a Risk

Negative online chatter on sites such as Amazon.com doesn't just help consumers decide which brand or product to buy.

Online reviews can also have an impact on the stock price of the companies offering those products, lowering average returns by nearly 0.1% in as little as three days, according to a new study by Gerard J. Tellis, a professor of marketing, management and organization at the University of Southern California Marshall School of Business, and Seshadri Tirunillai, an assistant professor at the University of Houston.

The professors examined data from 2006 to 2010 for 15 brands in six product areas—personal computing, mobile phones, smartphones, footwear, toys and data storage—collecting nearly

348,000 customer reviews and ratings from the websites Amazon, Epinions and Yahoo Shopping.

Both positive and negative user-generated chatter seemed to predict market returns a few days ahead of time, the study found.

However, negative consumer reviews appeared to affect a company's stock price more than positive reviews, according to the study.

"It's not just idle chatter," Mr. Tellis says. "It's a powerful tool and it gives you an almost instantaneous read on how good a product is."Researchers also found that ratings of any kind—as opposed to reviews—had surprisingly little impact. "People put more weight on the content of the reviews, rather than mere stars," Mr. Tellis says.

Managers can take steps to combat negative reviews. New product announcements can increase positive buzz about digital products, such as cellphones and computers, but have less impact for things like toys or footwear. And a 1% increase in advertising expenditures can decrease negative chatter by about 0.19%, according to the study.

—*Rachel Emma Silverman and Leslie Kwoh*

Valuing Diversity

Senior managers were evaluated on how well they incorporate diversity at their companies. Here is how they fell, on a scale of 1 (reactive) to 7 (proactive)

1 – 3.2%

2 – 22%

3 – 32.6%

4 – 31%

5 – 9.9%

6 – 1.2%

7 – 0.1%

—*Note: Data based on 4,069 candidate evaluations across 146 multinational companies. —Source: Egon Zehnder International 2011 diversity report*

Articles originally published on http://online.wsj.com/article/SB10001424052970204517204577046263762393698.html