What CEOs Need to Know About Race Relations in Their Organizations

American College of Healthcare Executives Division of Research

CEO Circle White Paper

Summer 2009
What CEOs Need to Know About Race Relations in Their Organizations

Introduction
ACHE in collaboration with four other professional societies, the Asian Health Care Leaders Association, Institute for Diversity in Health Management, National Association of Health Services Executives, and the National Forum for Latino Healthcare Executives, recently released a fourth study comparing the career attainments of healthcare executives by race/ethnicity. Some of the main findings from this study, conducted in 2008, included positive features such as the following:

• Hispanic women, for the first time, held the highest proportion of top-level positions—37 percent of them were either CEOs or COOs/senior vice presidents compared to 31 percent of white women.

• Controlling for education and experience, black women earned one percent less than white women. (Hispanic and Asian women, however, earned 10 and 11 percent less than white women using the same controls.)

• Men, regardless of race or ethnicity, were about equally satisfied with their jobs including job security, respect they received from their managers and their autonomy.

Some negative findings evidenced in the study were:

• Fewer minority men achieved top-level positions than white men. But, white men, on average, had accrued between seven and 14 more years of experience than minority men.

• Compared to other women, black women were least satisfied with features of their jobs such as pay and fringe benefits based on their contributions to the organization, sanctions they received when they made a mistake, the respect they received from their supervisors and from their direct reports, and their autonomy.

• While about 80 percent of white men were satisfied with their pay and fringe benefits, only 70 percent of Hispanic men and 60 percent of black and Asian men were satisfied.
**Previous ACHE Research**

For a number of years now, persistent patterns have shown that healthcare executives hold different views of their career attainments and career opportunities based on their racial/ethnic characteristics. In general, more whites are satisfied and fewer blacks are satisfied with their career progress while Hispanics and Asians fall between the two extremes. Moreover, non-whites over time state that they have experienced discrimination in various aspects of their employment situations. For example, in the 2008 survey, a third or more blacks and about 20 percent of Hispanics and Asians compared to less than five percent of whites said that in the past five years, they experienced rejection in being hired, getting promoted or obtaining fair compensation. More minorities than whites said they experienced discrimination because they had an accent or spoke in a dialect while proportionately more minorities felt they were evaluated based on inappropriate standards.

**Objectives of Present Study**

The Division of Research conducted this study to determine if pro-diversity policies of employing organizations and interracial socializing were related to attitudes such as acknowledging that race relations in their organizations were good. Because this study is cross sectional, we cannot ascribe causality to the relationships we may uncover. But if relationships are discovered, a case can be made to examine the impact of pro-diversity policies and informal socializing in future work.

**Previous Research**

The field of social psychology has contributed to our understanding of intergroup behavior and the problem of perceived discrimination. At the level of the organization, at least four ways of altering the social context could establish positive intergroup relationships. First, many studies have shown that **affirmative action programs** are effective for increasing the representation of minorities in organizations (Konrad and Linnehan, 2003).

Second, establishing “identity conscious” practices such as encouraging minorities to participate fully in **companywide sponsored recreational and social activities** was associated with having more racial/ethnic minorities in management. Also, training supervisors on their equal employment responsibilities and holding them accountable was associated with having more racial/ethnic minorities in management (Konrad and Linnehan, 1995).

Third, researchers suggest developing a senior executive group such as a **diversity committee**, composed of minorities and whites, along with suggestions on how best to interact might promote positive intergroup relations (Jonas and Mummendey, 2008). A fourth method to improve intergroup relations in organizations is to **conduct periodic analyses** to ensure demographic characteristics and organizational roles are not highly correlated (i.e., senior positions are not predominantly filled by individuals of one race/ethnicity while lower level positions are filled by those of another race/ethnicity). This would ensure that the advantages of diversity can be realized without creating “faultlines” within an organization (Brewer, 2008: 173).

In sum, different approaches have been put forward to improve intergroup relationships in organizations, but relatively few studies have been reported that relate specifically to diversity initiatives of organizations. For example, Comer and Soliman (1996) reviewed 20 organizations and though claims were made that such initiatives were effective, evaluations usually consisted of a headcount of employees recruited or promoted from minority groups. One often quoted study by Hicks-Clarke and Iles (2000) showed an association between a positive diversity climate and employee job satisfaction.
More recent research attempted to assess the relative effectiveness of various diversity initiatives in increasing the proportion of managers who are women and the proportion of either sex who are black. The research was conducted using 30 years of reports submitted to the Equal Employment Opportunity Commission by more than 700 companies in the private sector. The results showed that diversity initiatives such as having an affirmative action plan or a staffed position responsible for monitoring diversity efforts in the organization have been the most effective in terms of increasing the proportion of women and blacks in management. Less effective initiatives included attempts to reduce social isolation, such as networking programs or mentoring programs. Least effective programs were efforts that tried to reduce managerial bias, such as providing education and feedback (Kalev, 2006). The research we report in this paper adopts a similar approach using healthcare executives' attitudes as the outcome.

At the level of the individual, researchers have found that **contact between groups often helps to reduce intergroup bias.** In fact, a body of research is beginning to show that because they are devalued, racial/ethnic minority groups are particularly likely to experience distrust in intergroup contexts, such as having less confidence in the ability of diversity programs to improve intergroup relations (Ervin, 2001). But more recent research suggests that intergroup friendships can overcome this problem (Tropp, 2008).

The research we present seeks to evaluate diversity initiatives from two different perspectives: (1) respondents’ attitudes about the race relations in their organizations where pro-diversity initiatives are in place and (2) attitudes about race relations where informal socializing takes place.

### Methods

A survey instrument was prepared consisting mainly of items from the previous instruments and was administered in 2008. The sample of white healthcare executives, containing equal numbers of men and women, was drawn from among ACHE affiliates. Black executives were sampled from ACHE and National Association of Health Services Executives membership databases. The survey also was administered to all currently employed Hispanic and Asian affiliates of ACHE, to the Hispanic members of the National Forum for Latino Healthcare Executives and to the board members of the Asian Health Care Leaders Association.

The breakdown of responses and response rates to the survey was: blacks—492 or 32 percent; whites—654 or 41 percent; Hispanics—250 or 39 percent; and Asians—237 or 41 percent. Aggregating all these groups, the survey was sent to a total of 4,422 individuals. By the end of the study, 1,633 responses were received, of which 1,515 were useable. The overall response rate was 37 percent.

To control for the effects of gender, findings were examined separately for women and men in each of the racial/ethnic groups. In this white paper, results for the gender groups are aggregated when their differences are unimportant. A non-response analysis based on ACHE data showed respondents are not significantly different from non-respondents in age, highest degree attained and field of highest degree. However, black women who held vice president positions were more likely to respond while those who were in “other” positions were less likely to respond. Also, black and Asian men in system hospitals were more likely to respond.
Findings
Attitudes About Organizational Race Relations

One of the payoffs of repeating studies over time is the opportunity to measure whether attitudes have changed. One particular measure, “Race relations in my organization are good,” has been included in all four studies conducted. Figure 1 graphs the results. It is clear that there has been remarkable stability of this measure since 1992 for blacks and whites and, since 1997, for Hispanics and Asians as well. Moreover, Figure 1 shows that by and large, whites have the most positive view of race relations in their organizations, followed by Hispanics, Asians and, lastly, blacks. This order has persisted over time.

The Context Hypothesis: Are there programs organizations can initiate that contribute to improved interracial/ethnic harmony?

The question at hand, therefore, is, “Are there any programs that might impact the various race/ethnic minorities’ views on race relations?” Our study looked at pro-diversity initiatives from three general perspectives developed by recent scholars in the field (Kalev et al., 2006). The first perspective suggests that effective diversity practices use organizational structures to set responsibilities. This would include affirmative action plans, having a diversity committee or hiring a manager responsible for diversity.

Organizational structures
Affirmative action plan
Diversity committee
A manager responsible for diversity

The second perspective focuses on social psychological initiatives. It posits that diversity training about the psychological reasons for stereotyping and discrimination and evaluating managers on their skills in advancing diversity goals are effective ways to improve intergroup relations.

The third perspective, labeled integrative strategies, suggests that underrepresented groups need to be integrated into the organization and that this is accomplished through offering networking and mentoring programs.

We investigated seven practices associated with these three perspectives:

1. Organizational structures
Affirmative action plan
Diversity committee
A manager responsible for diversity

2. Social psychological initiatives
Diversity training for managers
Evaluating managers on advancing diversity

3. Integrative strategies
Social gatherings for employees
Mentoring programs

Organizational structures. Figure 2 shows how prevalent these pro-diversity programs are as reported by executives in the four racial/ethnic groups. Affirmative action plans are in place in
respondents’ organizations to varying degrees. At the lower end, about half of black respondents said they were present while on average two-thirds of the other racial/ethnic groups said affirmative action plans exist. Almost half of the Asians reported their organizations had established a diversity committee, but only 38 percent of Hispanic respondents reported this. Whites and blacks took on intermediate values. About 40 percent of all racial/ethnic groups reported their organizations had identified a manager responsible for diversity.

**Social psychological initiatives.** Training for managers on the subject of diversity at least every three years was mentioned by approximately 40 to 50 percent of all respondent groups. However, only about 20 percent of organizations evaluate managers on their accomplishments related to diversity. This practice was the least prevalent of the seven we investigated.

**Integrative strategies.** The most prevalent pro-diversity initiative for all race/ethnic groups was social gatherings for employees. About two-thirds of blacks acknowledged such events, and three-quarters of Hispanics and Asians and even higher percentages of whites noted that social gatherings characterized their organizations. Nearly 60 percent of whites compared to 40 percent of blacks said that mentoring programs were in place, while just less than 50 percent of Hispanics and Asians said they were present.

In summary, apart from social gatherings and affirmative action plans, only a minority of the managers and executives in the study attested that organizational diversity initiatives were in place.

**Impact of pro-diversity initiatives on attitudes.** Even though many of the organizational initiatives are not commonplace, it is interesting to determine if they are associated with positive race relations where they have been implemented. Figures 3 through 5 show the relationship between seven pro-diversity initiatives and black, Hispanic and Asian perceptions that race relations are good in their organizations.

**Blacks’ views of organizational race relations.** Figure 3 demonstrates that while overall, 49 percent of blacks agreed that race relations in their organizations were good, a higher percentage stated this in organizations that (1) had established a diversity committee (56 percent);
(2) provided diversity training for managers at least every three years (56 percent); (3) offered social gatherings for employees (59 percent); and (4) provided mentoring programs (58 percent). Thus, at least one initiative from each of the main categories of initiatives had a statistically significant association with positive assessment of racial/ethnic relationships by the black executives in the study.

**Hispanics’ views of organizational race relations.** In Figure 4, Hispanic healthcare executives’ views of race relations in organizations where pro-diversity structures and programs are in place are compared with responses of Hispanic executives in organizations where they are not. Overall, 77 percent of Hispanic executives in the study felt that race relations in their organizations were good. This was evident in organizations where pro-diversity structures and programs were in place and, in most cases, where they were not in place. However, one program appears to be associated with Hispanics’ perception of favorable race relations—having social gatherings for employees. In organizations that fostered social gatherings, 81 percent of Hispanic executives felt
that race relations in their organizations were good. However, where such social interactions were not fostered, the proportion of Hispanics who felt race relations were good fell to 65 percent.

**Asians’ views of organizational race relations.**
Overall, 68 percent of Asians reported that race relations in their organizations were good (Figure 5). However, important differences are evident when social gatherings and mentoring programs are offered. While 51 percent of Asians reported positive race relations in organizations where social gatherings for employees are not offered, 75 percent report that race relations are good in organizations where social gatherings are offered. Similar differences are evident in regard to organizations that do and do not offer mentoring programs (Figure 5).

**The Contact Hypothesis: Do informal social activities contribute to interracial/ethnic harmony?**

We have seen that of the seven pro-diversity initiatives we studied, the most prevalent and the most consistently related to minorities’ positive perceptions of race relations was social gatherings for employees. We now turn to a deeper examination of interracial/ethnic socializing, this time focusing on informal initiatives between managers. We asked respondents how frequently they attended six types of non-organization-sponsored social activities with both white and minority managers.

**Informal socializing.** Informal socializing between managers of different race/ethnicities is quite uncommon. Ten percent or fewer of women managers said they socialized monthly or more often with those of other race/ethnicities at informal dinners, after work, at cultural or sporting events or playing sports. More men engaged in all these activities—especially Hispanic men. In general, the most common informal socializing events acknowledged by 30 to 40 percent of respondents occur via informal lunches (ACHE, 2008).

In Figures 6 through 11, we show that in most cases, the more frequently executives socialize outside of work interracial, the more positively they perceive racial/ethnic group relations in their organizations. Informal socializing can take many different forms such as attending informal lunches, dinners, after work events, cultural events and sporting events and participating in sports.

---

**Figure 5.**
**Asians’ Perceptions That Race Relations Are Good (Percent Agree)**

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Frequency of Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Response</td>
<td>68%</td>
</tr>
<tr>
<td>Affirmative Action Plan</td>
<td>65%</td>
</tr>
<tr>
<td>Diversity Committee</td>
<td>68%</td>
</tr>
<tr>
<td>Manager Responsible for Diversity</td>
<td>69%</td>
</tr>
<tr>
<td>Diversity Training for Managers at least 3 years</td>
<td>65%</td>
</tr>
<tr>
<td>Diversity Evaluations for Managers</td>
<td>74%</td>
</tr>
<tr>
<td>Social Gatherings for Employees</td>
<td>72%</td>
</tr>
<tr>
<td>Mentoring Programs</td>
<td>76%</td>
</tr>
</tbody>
</table>

* Chi square significance < .05
Figure 6.  
How Often Attend Informal Lunches† (Percentage agreeing that “race relations in my organization are good”) 

Figure 7.  
How Often Attend Dinners† (Percentage agreeing that “race relations in my organization are good”) 

Figure 8.  
How Often Attend After Work Events† (Percentage agreeing that “race relations in my organization are good”) 

† Attended with both white and minority managers; not organization-sponsored
Figure 9.
How Often Attend Cultural Events† (Percentage agreeing that “race relations in my organization are good”)

<table>
<thead>
<tr>
<th></th>
<th>Black*</th>
<th>White*</th>
<th>Hispanic</th>
<th>Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>41</td>
<td>56</td>
<td>80</td>
<td>66</td>
</tr>
<tr>
<td>Less than quarterly</td>
<td>56</td>
<td>61</td>
<td>90</td>
<td>68</td>
</tr>
<tr>
<td>At least quarterly</td>
<td>61</td>
<td>61</td>
<td>93</td>
<td>74</td>
</tr>
</tbody>
</table>

* Chi square significance < .05

Figure 10.
How Often Attend Sporting Events† (Percentage agreeing that “race relations in my organization are good”)

<table>
<thead>
<tr>
<th></th>
<th>Black*</th>
<th>White*</th>
<th>Hispanic</th>
<th>Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>42</td>
<td>53</td>
<td>83</td>
<td>65</td>
</tr>
<tr>
<td>Less than quarterly</td>
<td>53</td>
<td>69</td>
<td>87</td>
<td>73</td>
</tr>
<tr>
<td>At least quarterly</td>
<td>69</td>
<td>69</td>
<td>93</td>
<td>75</td>
</tr>
</tbody>
</table>

* Chi square significance < .05

Figure 11.
How Often Participate in Sports† (Percentage agreeing that “race relations in my organization are good”)

<table>
<thead>
<tr>
<th></th>
<th>Black*</th>
<th>White*</th>
<th>Hispanic</th>
<th>Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>43</td>
<td>63</td>
<td>83</td>
<td>67</td>
</tr>
<tr>
<td>Less than quarterly</td>
<td>63</td>
<td>80</td>
<td>94</td>
<td>74</td>
</tr>
<tr>
<td>At least quarterly</td>
<td>80</td>
<td>80</td>
<td>91</td>
<td>74</td>
</tr>
</tbody>
</table>

* Chi square significance < .05

† Attended with both white and minority managers; not organization-sponsored
What CEOs Can Do

Your organization stands to lose a great deal if you sweep racial/ethnic relationship issues under the rug. You will lose time and money when recruiting minorities again and again. Also, you throw away time and money when there is unnecessary turnover because your once-oriented staff is no longer available. You might lose support from other employees who are disappointed in your not having addressed issues about inclusion. Your organization may lose its positive image and good reputation in the community for not being a progressive place to work and not following through on its diversity initiatives. It may lose minority patients. Finally, even if some minority staff remains with the hospital, mentoring opportunities may be lost, and you will not derive the full talent that could have been developed if such initiatives were supported. The bottom line is that creating a just and equitable system in your organization, with authentic relationships, is in your organization’s interest.

Review the complete study, which is available in the Research area of ache.org. Consider especially the study recommendations that have been affirmed by all five sponsoring organizations. The recommendations have been placed as Appendix A at the end of this report for your convenience.

Following are some additional suggested approaches based on research conducted by Frances Kendall (2006) for promoting racial/ethnic harmony:

1. **Do not assume that race does not matter in your organization.** White people need to understand that race plays a large role in their own and others’ lives. Unless this is acknowledged, you will not be able to attract talent, acquire skills to mentor and coach those who are different and, ultimately, achieve the organization’s diversity goals. No one is “color blind.”

2. **Begin with assessing your personal behavior.** For example, adhere to Peter Senge’s principles of dialogue such as being willing to listen and to be influenced as though the speaker is really wise and an ally. Be willing to learn from others who are different from yourself. And practice suspension, the ability to temporarily delay your reaction, and inquire so as to draw out inferences and assumptions that uncover and reveal the full scope of what is being stated.

3. **Do not advertise a position by stating “Qualified minorities and women are encouraged to apply.”** This implies that minorities and women are deemed unqualified until they prove themselves qualified.

4. **Combat white privilege in your organization, your community and society.** Fight against the natural inclination to promote to upper-level management positions those who resemble your own race/ethnicity and who may have very similar backgrounds to yours. More generally, oppose preferences to maintain policies that reinforce white privileges such as legacy admissions to universities, discrimination in housing, and preferential treatment of whites in healthcare and the courts. Become knowledgeable about how to discuss race issues, and be certain to include people of diverse racial/ethnic backgrounds in plans that affect them—especially in regard to interracial relationships.

5. **Use your position of power and influence to effect social change.** Whether in your own organization or in interactions with other community leaders, consider how your comments can contribute to reducing racial/ethnic disparities. Become more cognizant of when race is identified and when it is not. When making important decisions, identify yourself as “a white person” involved in this process.
6. “Fess up if you screw up.” Admit errors when you make mistakes in interracial/ethnic interactions.

Following are suggested approaches based on the research reported in this study:

1. To boost minorities’ views of positive race relations in your organization, consider adopting integrative strategies such as offering opportunities for networking and mentoring.

2. Similarly, the contact hypothesis is borne out to the extent that we could measure it. It is not possible in this research to suggest which specific informal socializing events should be fostered, but it appears that at a minimum, after work socializing is related to positive interracial/ethnic feelings among minority executives.

---

**Kotter’s 8 Steps to Transform Your Organization**

The well-regarded management scholar, John P. Kotter, produced a synthesis of what is needed to successfully transform an organization. Following is an outline of eight steps that CEOs need to accomplish to effect lasting change.

1. Establish a sense of urgency. Kotter suggests that if you are loath to raise a potentially incendiary issue, you might want to hire a consultant to give a realistic assessment that the status quo must change.

2. Obtain buy-in from a group of senior-level managers. Oftentimes retreats are useful to develop a consensus among willing managers about the organization’s issues and a game plan for addressing them.

3. Develop a vision about the new direction being pursued. The vision should be compelling and clearly articulated but not too detailed.

4. Communicate the vision earnestly and frequently and at every opportunity integrate the new direction with existing programs and evaluations. All messages should carry a firm conviction that change can and will occur. Try to become a living symbol of the new ideas that are being pursued.

5. Identify and eliminate obstacles to the transformation. Whether it is reluctant people or contrary policies and procedures, obstacles to change need to be eliminated to effect the vision.

6. In a year or at most two years, identify goals that have been achieved and celebrate them. The goals need to be clearly specified and then recognized when realized.

7. Maintain momentum by ensuring that the transformation is permanent. This can be established by tackling larger and larger issues over time. It includes human resource changes and changes in systems and processes.

8. Changes must be rooted in the typical ways the organization operates. Institutionalization is fostered when the changes that are implemented are tied to specific outcomes achieved and when newly recruited executives embody the changes sought.
References


APPENDIX A
A Racial/Ethnic Comparison of Career Attainments in Healthcare Management

American College of Healthcare Executives
Asian Health Care Leaders Association
Institute for Diversity in Health Management
National Association of Health Services Executives
National Forum for Latino Healthcare Executives

Recommendations

Equal pay for equal work. The study attempted to examine various facets of executives’ career outcomes including position level, type of employing organization, job satisfaction and compensation. The array of measures taken together point to continued disparities in career attainments when comparing racial/ethnic minorities with their white counterparts. This is especially evident in the findings that compared compensation levels for 2007. Even when level of education and number of years of experience are controlled, white men continue to earn significantly higher salaries than minority men and all women. While not definitive because the specific accountabilities of each executive in the study were not examined, the compensation results suggest that pay is not entirely equitable in the field of healthcare management. It is imperative that remuneration be provided that is based on the accountabilities of the employed executive and in no way reflects biases relative to his/her gender or race/ethnicity.

Residency and Fellowship. Based on the survey findings, it appears that more than half who participated in a residency eventually were hired by that organization. Even higher proportions of those who took fellowships were subsequently hired there. Therefore, healthcare organizations need to offer residency and fellowship opportunities to qualified graduates to assist their launch into careers in healthcare management.

Mentors. Mentors are prevalent among the respondents to the survey. We need to credit those executives who take the time and energy to offer advice and model ideal behaviors to others in the field. This includes individuals beginning their careers and also mid-level and even senior-level executives who seek feedback and opportunities for professional development. Given the importance of mentoring in our field, we should promote and embrace mentoring at both the individual and organizational level.

Transitioning to new organizations. The survey revealed that a higher proportion of men than women are currently in a different organization from the one where they initiated their healthcare management career. More than 70 percent of men compared to about 60 percent of women have located positions in different organizations. Transitions to new organizations should be considered as acceptable and even desirable today. Executives today need to alter their views of managers who depart as “uncommitted” or “disengaged.” Instead, they should encourage their team members to transition and experience the challenges of managing in new work environments.
Transparency in organizational decisions. Organizations are being asked to disclose increasing amounts of data regarding their core operating functions, such as mortality rates, infection rates, complications, costs for specific services, etc. Other useful measures reflecting management practices should be published as well. For example, hospitals and systems could report the proportion of minorities in executive positions as it relates to the demographic composition of the community. Internally, executives in decision-making roles need to be more forthcoming regarding hiring, promoting, evaluating and compensating their managers. Finally, executive search firms could be encouraged to share the criteria used in recommending candidates for senior-level positions.

Programs that promote diversifying executive ranks. The study showed that relatively few respondents reported proactive diversity programs in their organizations. For example, fewer than half of black respondents stated that their organizations have a diversity committee and even fewer said their organizations offered diversity training for managers at least every three years. As shown in the analyses, attitudes about racial equity appear to be linked to the presence of such programs. Therefore, healthcare leaders are advised to pursue pro-diversity initiatives and implement efforts to overcome social isolation through such programs as promoting social gatherings for employees and offering mentoring programs. Other potentially useful initiatives include establishing an affirmative action plan, assigning a manager to be responsible for diversity and evaluating managers relative to their diversity adroitness. Finally, organizations need to initiate succession planning that includes identifying talent that would come from a diverse work force.

Professional societies’ policy statements and data. The study showed that this respondent group was principally allied with ACHE. Nevertheless, a scan of other healthcare executive professional societies’ policies showed that nearly all have public policy statements advocating that their members endorse equal employment opportunities. Specifically, the American Organization of Nurse Executives, the Healthcare Financial Management Association and the Medical Group Management Association have such statements.

Follow-up Study in 2014. A follow-up study should be conducted again in five or six years to determine whether career outcomes have improved for minority healthcare executives compared to their white counterparts.
CEO Circle White Paper
2009

American College of Healthcare Executives
Suite 1700
One North Franklin Street
Chicago, Illinois 60606-3529