



# Advancing Frontline Employees of Color

Innovating for Competitive Advantage in America's Frontline Workforce

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FSG is a mission-driven consulting firm supporting leaders in creating large-scale, lasting social change. Through strategy, evaluation, and research we help many types of actors—individually and collectively—make progress against the world’s toughest problems.

Our teams work across all sectors by partnering with leading foundations, businesses, nonprofits, and governments in every region of the globe. We seek to reimagine social change by identifying ways to maximize the impact of existing resources, amplifying the work of others to help advance knowledge and practice, and inspiring change agents around the world to achieve greater impact.

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## About PolicyLink

PolicyLink is a national research and action institute advancing racial and economic equity by Lifting Up What Works®. Engaging the wisdom, voice, and experience of people in local communities, PolicyLink has found, is essential to finding solutions to the nation’s challenges.

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## CONTENTS

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**3** Investing in Your Frontline Employees of Color Is Critical Now

---

**7** Understanding the Experiences of Frontline Employees of Color

---

**16** Evidence-based Employer Practices for Advancing Frontline Employees of Color

---

**30** Taking Action

---

### Appendices

**34** Appendix 1: Methodology

**37** Appendix 2: Definitions

**39** Appendix 3: Evidence-based Practice Deep Dives

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**63** Sources

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**71** Acknowledgments

## DEFINITION OF TERMS

Throughout this report, we use the term **racial equity** to refer to the level of fairness and justice in the systems, processes, and policies of an organization at which race would no longer be a factor in the assessment of merit or in the distribution of opportunity.<sup>1</sup> This differs from **racial equality**, in which everyone receives the exact same treatment. Equity means each individual receives what they need in order to grow and thrive on their own terms, and that an individual's race no longer, in a statistical sense, predicts their life outcomes. Racial equity is the outcome we seek to achieve.

We define **racial diversity** as the representation of a range of racial groups in a given setting.

**Racial inclusion** refers to creating environments and cultures in which people can work together in ways that honor diverse backgrounds and perspectives and that call out power imbalances and biases. Racial inclusion involves active engagement and redistribution of power to those who have been historically marginalized so that everyone may fully participate in decision-making processes, lead, and contribute to solutions.

In order to achieve racial equity, diversity, and inclusion, we need to understand racism and the various forms in which it manifests. **Structural and institutional racism** is the system through which public policies, institutional practices, cultural representation, and other norms interconnect in various ways to perpetuate racial inequity.<sup>2</sup> These manifestations of systemic inequity extend well beyond individual instances of prejudice, discrimination, or inequality, and are embedded in the systems which surround us and in which we all participate.

In the context of this report, we are speaking particularly about Black, Latinx, Asian, and other non-White communities who consistently and historically experience more negative life outcomes (e.g., in wealth and asset building, educational attainment, and life expectancy) than their White counterparts. We recognize that other critical identity factors influence one's experiences, including gender, age, sexual orientation, and ability/disability status—the intersectionality of these identities with race often exacerbates individuals' adverse experiences and outcomes.

Our focus throughout this report is on people of color, and specifically on **frontline employees of color**. We define frontline employees as those who work directly with customers and/or who are directly involved in making a product or providing a service (e.g., cashiers, salespeople, housekeeping staff); who are non-salaried (i.e., wage earning); and who are in positions that do not require advanced technical expertise.

*Please see Appendix 2 for a complete glossary of terms used throughout this report.*



# INVESTING IN YOUR FRONTLINE EMPLOYEES OF COLOR IS CRITICAL NOW

Employers of frontline talent find themselves at an unprecedented moment of change and opportunity. Shifts in demography and automation require business leaders to seize upon these trends if they want to remain competitive. And new societal expectations in the United States demand that companies embrace a more active role in society and lead with an ambitious corporate purpose.

**People of color are key stakeholders in service industries such as retail, hospitality, and food service, and are set to become the majority of the United States population by 2044.**<sup>3</sup> Approximately 9 million of the country's 24 million frontline employees are people of color, and that proportion will only grow over time.<sup>4</sup> They represent a reservoir of talent, innovative ideas, and multicultural competency that are increasingly sources of competitive advantage. They are also a growing base of customers: the buying power of customers of color has grown at twice the rate of overall United States buying power over the past two decades and now exceeds \$3.4 trillion.<sup>5</sup>

*The buying power of customers of color now exceeds \$3.4 trillion.*

**Advances in automation are accelerating and are projected to change the skills required for low-wage, entry-level positions that are disproportionately held by employees of color.**<sup>6</sup> Rather than using significant resources to recruit new talent with different skillsets or lose current talent, employers can invest in re-skilling their incumbent employees for new post-automation roles. They can also save money by doing so: the typical cost of replacing a frontline employee earning \$30,000 per year or less is 16 percent of their annual salary. Employers can also minimize the productivity lost during training and onboarding new employees.<sup>7</sup>

**Employers are not promoting their employees of color into management positions and as a result are not tapping into the full potential of their talent force.**<sup>8</sup> As demographics continue to shift, employees of color will be critical stewards who can connect businesses to communities and customers that companies have not historically understood or served. A nationwide study of racial representation across retail employees and their customers found that mirroring a

*The typical cost of replacing a frontline employee is 16% of their annual salary.*

customer base improves consumer satisfaction and employee productivity and contributes to nearly \$100,000 in annual profit per store.<sup>9</sup> Employees of color at all levels in a company can bring innovations that redefine business opportunities, spawn new products, and spur growth.<sup>10</sup>

In the backdrop of these trends is a rising national discourse on racism that is increasing pressure from customers, employees, and shareholders for companies to take a more active role in addressing racial equity. Nearly half of millennials, the largest—and most racially diverse—segment of the working population, actively seek more diverse and inclusive workplaces. Millennials are also more likely than any other population to see and name instances of racial bias and discrimination at work.<sup>11</sup> In response, a growing number of companies are taking public stances in support of racial equity, including more than 700 corporate leaders who have signed on to the CEO Action for Diversity and Inclusion Pledge that commits to making workplaces more inclusive.<sup>12</sup> However, to meaningfully improve the experiences of and outcomes for their frontline employees of color, businesses need to move from commitment to action.

**Employers who invest in innovative ways to advance their frontline employees of color realize five major business benefits:**

**First, employers build a pipeline of management talent that mirrors their evolving customer base.** By advancing their frontline employees of color, companies create a pool of local managers and leaders of color within the company who are better able to serve a growing proportion of customers of color. Teams with a member who shares a customer's ethnicity are 1.5 times more likely to understand that customer, leading to higher customer satisfaction and loyalty.<sup>13</sup> In a tight labor market in which 63 percent of global CEOs are concerned about the availability of key skills within their talent pool, companies have a real opportunity to tap into talent that can help them succeed in an evolving marketplace.<sup>14</sup>

**Second, employers develop an engaged, productive, and loyal frontline workforce that boosts their bottom line.** A series of rigorous longitudinal studies demonstrated that retail stores at which employees feel HR policies are fair and inclusive experienced lower employee turnover,<sup>15</sup> higher sales per employee,<sup>16</sup> higher store unit sales growth,<sup>17</sup> and higher customer satisfaction<sup>18</sup> than stores where employees feel otherwise. Employees who have a strong sense of belonging, whose perspectives and contributions are valued, whose lives are stable and healthy, and who see clear pathways for upward mobility are more likely to give their best at work.<sup>19</sup>

**Third, when employers create innovative solutions for the unique needs of their frontline employees of color all of their frontline employees benefit.** In the social science field, the “curb-cut effect” refers to the phenomenon that innovations intended for marginalized groups often end up benefitting non-marginalized groups as well. Its name comes from the sidewalk access ramps that disabled rights advocates pushed the City of Berkeley to install in the 1970s; the ramps were initially designed for people in wheelchairs but were also used by parents with strollers, employees with carts, travelers with wheeled luggage, and even skateboarders.<sup>20</sup> For employers, making investments based on the needs of those who experience the most inequitable outcomes can produce positive externalities for *all* frontline employees. For example, a company that launches a ride-sharing partnership to improve commute times for its frontline employees of color can see a reduction in tardiness across its entire frontline workforce since the program is open to all employees.

*67% of job seekers said a diverse workforce is important when considering a job offer.*

**Fourth, companies become employers of choice and enhance their brands with customers and in the communities they serve.** Companies that invest in efforts to build racial equity are more likely to continually access, attract, and retain top talent. According to Glassdoor, 67 percent of job seekers said a diverse workforce is important when considering a job offer. This figure is even higher for people of color: 89 percent of Black, 80 percent of Asian, and 70 percent of Latinx respondents agreed.<sup>21</sup> Employees that see an authentic commitment to racial equity from their employer can be effective brand ambassadors who can help attract other talent and customers. And when companies invest in their employees and communities, customers take notice and companies gain positive reputational benefits.<sup>22</sup>

**Lastly, advancing frontline employees of color represents an opportunity for employers to lean into their purpose.** This year, 181 CEOs who are members of the Business Roundtable committed to adopting a corporate purpose that creates positive value for all stakeholders — including employees.<sup>23</sup> A company’s purpose defines the role it wishes to play in creating a more equitable society; it can be a powerful driver of customer and employee loyalty.

**To seize these opportunities, employers need to move beyond business-as-usual approaches and innovate to retain, develop, and advance their frontline employees of color.**

## Stories from Frontline Employees of Color

### Lana

Lana is 26 years old, Black, and the mother of a three-year-old son and a one-year-old daughter. She was born and raised in Baltimore and began her career in her late teens as a part-time cashier at a discount supermarket chain. She was proud of the fact that she had developed the highest “items per minute” scan rate at the store, noting: *“People used to specifically get in my line because I was one of the fastest cashiers.”*

Her assistant store manager, who was White, took notice and encouraged her to apply for a shift supervisor position. Even though the position had a higher hourly wage, she declined to apply because it came with the added responsibility of counting money. She had noticed that store managers were often biased against Black employees: if cash was short at one of the registers at the end of a shift, management would suspect the Black employees first, while giving the White employees the benefit of the doubt. But when the shift supervisor position opened up another time and her assistant store manager encouraged her again, Lana agreed to apply and ended up excelling in her new position.

Lana left that job, however, because the grocery chain wouldn’t grant her request for full-time hours. Luckily, she was able to get a full-time shift supervisor position at a major pharmacy chain, which came with benefits such as paid vacation and overtime.

That pharmacy chain soon also lost Lana’s talent, due to racial discrimination. Once her second child was born, Lana said, *“They always had a problem with me leaving the job to go pump. I got a doctor’s note saying I can go off the register and go pump. They didn’t care. And then they didn’t want me storing my breast milk in the freezer. When another White worker was doing it, it was fine. I guess they didn’t think that Black people breastfeed. I quit because there was so much bias going on.”*

She feels particularly beleaguered by the company’s “the customer is always right” mantra. She cites her frequent experiences with older White customers coming into the store, trying to use an incorrect or expired coupon, and insisting that she accept it. If she does, her manager writes her up for accepting an invalid coupon. If she refuses, the customer complains to the manager. Lana’s manager, rather than defend her as he does with the White cashiers, writes her up for upsetting the customer. *“Sometimes you just walk in here with the weight of the world on your shoulders, and management doesn’t realize it. You’ve got to deal with the stress on your home life, then you’ve got to come to work and also carry the weight of nasty customers.”*





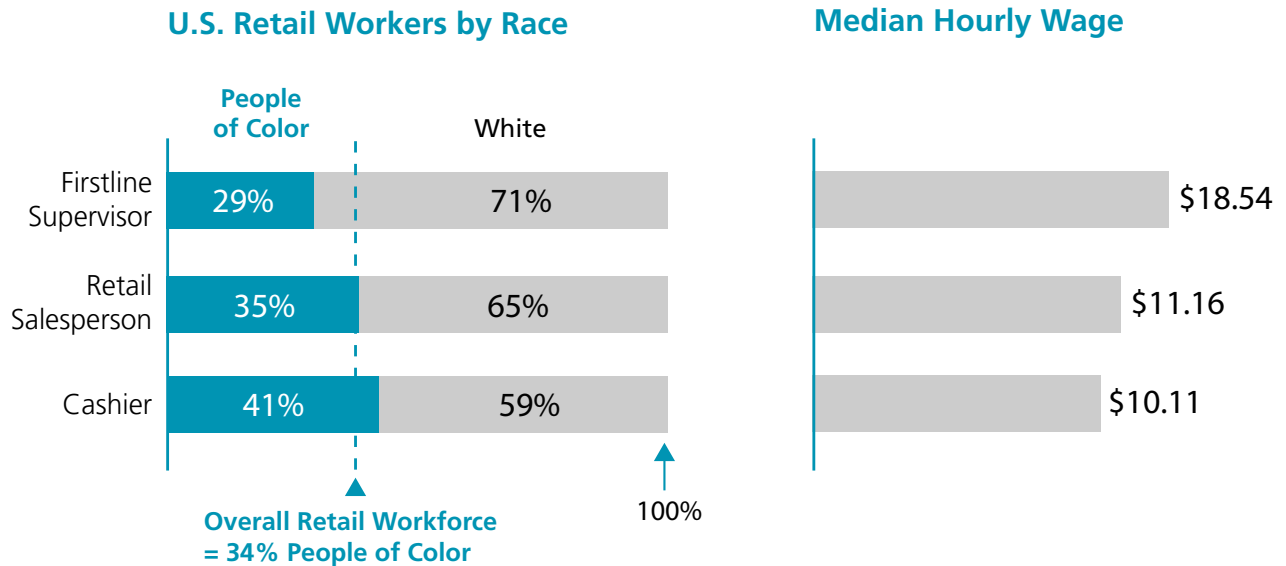
# UNDERSTANDING THE EXPERIENCES OF FRONTLINE EMPLOYEES OF COLOR

## Employees of Color on the Frontline

Employees of color represent a significant portion of America's frontline workforce and face some of the toughest challenges to their stability and ability to advance. There are approximately 24 million frontline employees in the United States, representing about one in six employed people in the country. Approximately 13 million of these frontline employees work in the retail sector.<sup>24</sup> Black, Latinx, and Asian employees are significantly overrepresented in the lowest-paying frontline positions and underrepresented in management (*Figure 1*). As a result, substantial racial wage gaps exist: for every dollar that White retail employees are paid, Latinx employees are paid 79 cents and Black employees 78 cents.<sup>25</sup>

Employees of color stay in entry-level positions longer: a study of 700 stores at a large national retailer showed **White employees were 2.4 times more likely to be promoted within a given year than Latinx employees and 4.7 times more likely than Black employees.**<sup>26</sup>

FIGURE 1. PEOPLE OF COLOR ARE OVERREPRESENTED IN THE LOWEST-PAYING FRONTLINE POSITIONS<sup>27</sup>

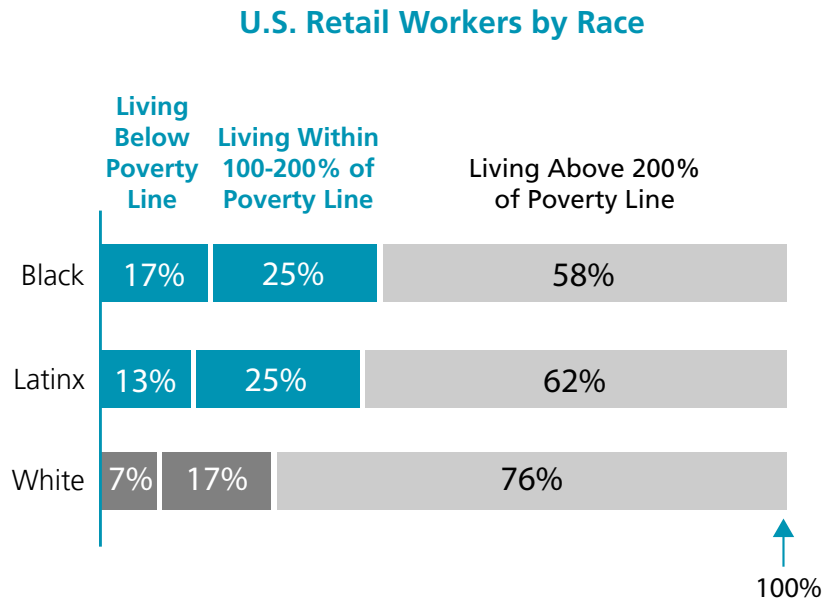


Frontline employees of color are more likely to be the sole source of income for their households and report higher income variations from week to week than their White counterparts.<sup>28</sup> More of them work part-time, despite wanting full-time positions. Due in part to these factors, Black and Latinx retail employees are much more likely to live in or near poverty than their White counterparts (Figure 2).

Increased automation in the service sector will likely exacerbate these inequities. Employees of color face systemic barriers to education that limit their access to high-paying and knowledge-based occupations.<sup>29</sup> Because they are concentrated in lower-paying jobs, Latinx, Black, and Asian employees face the highest risk of being replaced by automation at 60 percent, 50 percent, and 40 percent, respectively, compared to only 25 percent for White employees.<sup>30</sup> These employees also have the lowest access to employee protections and the least cushion to absorb the financial shock that would come with a disruption to employment.<sup>31</sup>

Frontline employees of color experience inequities today that are the result of complex barriers in our foundational social systems (e.g., education, health care, financial) and within a company's four walls. The barriers are interrelated and compounding: the way societal norms manifest themselves and the ways communities are organized translate into a company's workplace culture

FIGURE 2. RETAIL EMPLOYEES OF COLOR ARE MORE LIKELY TO LIVE IN OR NEAR POVERTY<sup>32</sup>

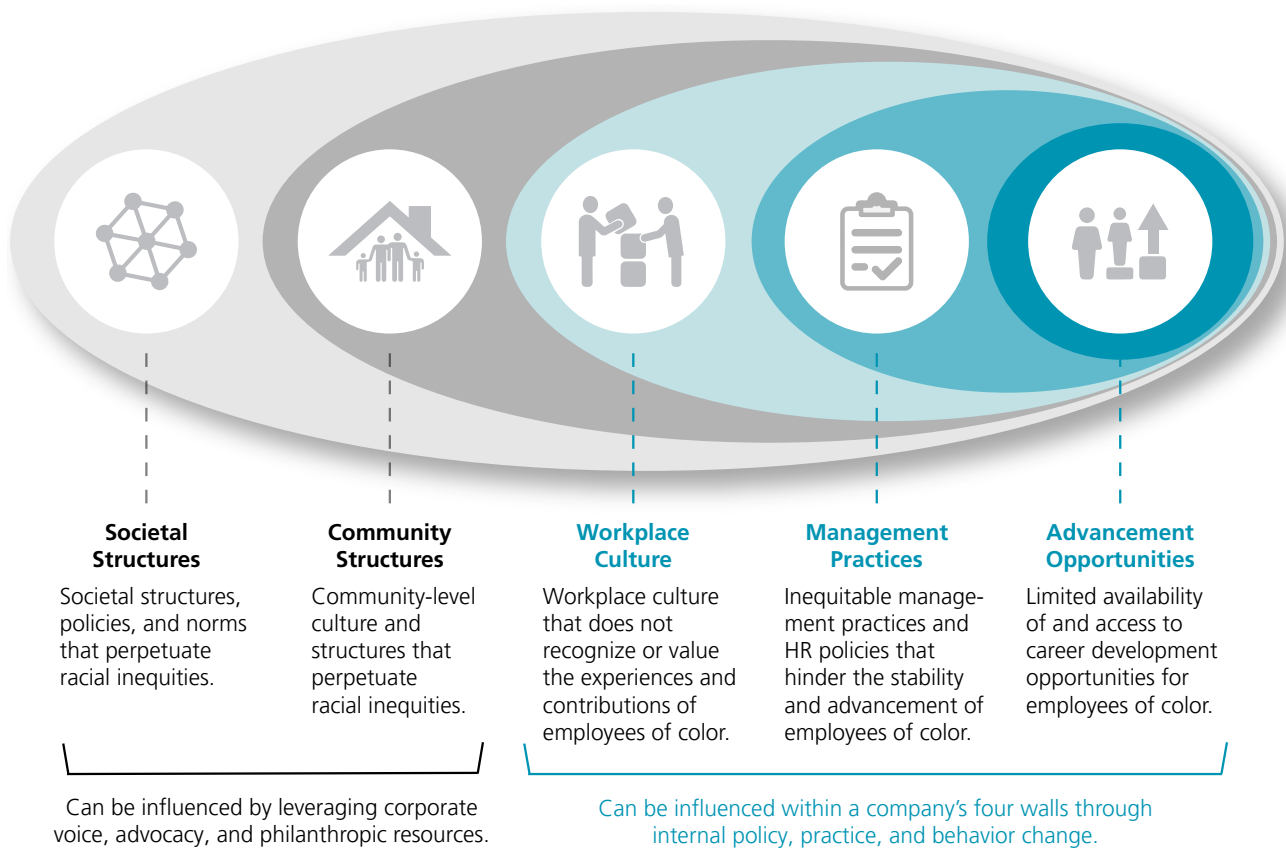


and norms. Workplace culture and norms, in turn, are reflected in the company’s explicit and implicit management and HR practices that employees experience. Those then inform the ways the company recognizes, values, and rewards employees of color and their contributions at work. The barriers are also cumulative and mirrored across racial groups: for every disadvantage that a frontline employee of color faces, White employees experience an advantage, and the outcome gap between the two groups widens over time.

Companies have powerful assets that they can leverage to tackle barriers outside of their four walls. Corporate voices can influence societal norms, corporate affairs teams can advocate for public policies that benefit people of color, and corporate philanthropy can improve local community conditions.<sup>33</sup> **The focus of this report is on the opportunities that employers have to effect change inside the company. However, internal and external change are inter-related, and by addressing internal culture companies have enormous potential to create transformative change that has ripple effects far beyond the company itself. To seize these opportunities, employers need to move beyond business-as-usual approaches and innovate to retain, develop, and advance their frontline employees of color.**

Figure 3 presents five key barriers, and we explore each of them in the remainder of this section.

FIGURE 3. BARRIERS AFFECTING THE EXPERIENCE OF FRONTLINE EMPLOYEES OF COLOR



## Societal structures, policies, and norms that perpetuate inequities

An understanding of societal structures, policies, and norms is critical to understanding the experiences of frontline employees of color. To fully comprehend how racism plays out in our culture, we need to go back five centuries to the genocide of indigenous people by the early settlers of this land, the enslavement of Africans starting in 1619, and the subsequent laws and policies that have thwarted the advancement of their descendants and other people of color. These atrocities fundamentally shaped the formation of our democracy, economy, and culture. They laid the foundation for a racist operating system that determines the life outcomes of all Americans. This operating system has fueled structural and institutional racism, defined as a system in which public policies, institutional practices, cultural representations, and other norms work in various, often mutually reinforcing, ways to perpetuate racial inequity.<sup>34</sup> The structural racism that dominates our systems and institutions is far more insidious than personal racism, prejudice, and discrimination, as it drives and perpetuates inequities for all people of color.

Supported by Jim Crow laws and social exclusion policies over the last 150 years, structural racism manifests itself in the lives of frontline employees of color in very real ways. Due to the combined effect of the racist practices of lending institutions (such as using “redlining” to avoid lending to people of color), housing markets (e.g., covenants restricting where people of color could live), policing, and educational policies, the average wealth of White families is 12 times that of Black families and 8 times that of Latinx families. It would take 84 years for Latinx families and 228 years for Black families to accrue the same level of wealth that White families have today.<sup>35</sup> Federally supported policies and practices of residential segregation contributed to a concentration of investments—including in retail stores—in wealthy, predominantly White neighborhoods.<sup>36</sup> In the 1930s, the retail industry was rife with segregated hiring practices: African Americans were hired as janitors, porters, and house cleaners but barred from White-collar sales, clerical, and management positions.<sup>37</sup> **Historical practices of occupational segregation combined with racial inequities in access to housing, lending, and education help explain why people of color are overrepresented in low-wage frontline jobs and continue to face constant barriers to advancement.**

## Community-level culture and structures that perpetuate racial inequities

Structural and institutional racism impacts the ways we organize our cities, neighborhoods, and communities and creates the inequities we see in this country. Today, one of the key predictors of life outcomes and access to opportunity is the ZIP code in which one lives.<sup>38</sup> The racism baked into our institutions and policies has forced many people of color into unsafe and segregated communities that are isolated from opportunity and employment. **For example, people of color have commutes to work that are up to 3.4 times longer than their White counterparts.<sup>39</sup> This comes at a high cost: higher stress levels for families and lower access to important community infrastructure like safe banking institutions, quality housing, health care, and education.**<sup>40</sup> All of these community-level factors directly impact the ability of people of color to access opportunity and to perform at their full potential as frontline employees. Businesses and HR leaders in particular must authentically understand and raise their own awareness about this racialized historical context.<sup>41</sup> Otherwise, they risk perpetuating or exacerbating inequities of the past in their workplace.

## Workplace culture that does not recognize or value the experiences and contributions of people of color

The inequitable structures, norms, and distribution of opportunity in our communities are replicated in our workplaces. An employer’s workplace culture is shaped by corporate leaders and by the participation and contributions of all of its employees. Most U.S. workplace cultures reflect

White dominant culture, which underpins norms for professionalism and affects day-to-day workplace experiences from the ways that we dress, communicate, and engage with one another to the ways we carry out our work and make decisions.<sup>42</sup> These cultures are not inclusive of diverse perspectives and styles of work and are not responsive to the needs of all employees.<sup>43</sup> They can prevent people of color from feeling included, valued, and even safe, thus negatively impacting their ability to give their best at work. For example, 76 percent of Latinx employees report feeling the need to repress their identity or to modify their appearance, body language, and communication style in their workplace.<sup>44</sup> Many employees of color also report being highly “on guard” or feeling the constant need to protect themselves against others’ words and actions, whether or not those are intended to exclude them. More than one-third of the employees who report these feelings frequently think about quitting.<sup>45</sup>

These adverse experiences are exacerbated by “customer first” policies prevalent in the service industry that place the comfort of customers over the needs of frontline employees of color. Having to navigate harmful stereotypes or experiences in interactions with customers and coworkers creates an emotional tax that hurts employees’ productivity and efficiency in the workplace.<sup>46</sup> And customer biases are real: studies have shown that customers express higher satisfaction with employee performance and store cleanliness when they are served by a White male. **Because customer satisfaction is central to store success, managers hire White men more often and pay lower salaries to the women and people of color they do hire, creating clear linkages between customer bias and wage gaps.**<sup>47</sup>

## Inequitable management practices and HR policies that hinder people of color’s stability and advancement

A workplace culture that is not inclusive of employees of color engenders policies and practices that exacerbate racial inequities, even if the policies and practices seem to be race-neutral. HR leaders are stewards of the talent lifecycle and partners in embedding talent management strategy into the overall business strategy. Yet many companies maintain outdated or cost-driven management practices that do not reflect the changing realities of the workplace and inadvertently

perpetuate inequities, undermining employee growth and development. For example, “just-in-time” shift scheduling and strict tardiness and absence policies disproportionately hurt frontline employees of color, who tend to have

**“We can put structural things in place through HR policies, but culture has to support those things. If those two things are competing, you are not going anywhere. People are going to realize, ‘Oh my gosh, I am not welcomed here.’ Then they either will leave, or they will stay and be less productive.”**

— Derek Avery, Professor,  
David C. Darnell Presidential Chair in Principled Leadership,  
Wake Forest University

longer commute times and larger family care responsibilities than their White counterparts.<sup>48</sup> Internal job postings and written evaluations, which are usually considered strategies that level the playing field for all employees, often open the door to implicit biases that favor White employees over employees of color.<sup>49</sup> Unpaid or partially-paid family and sick leave benefits do not take into account the fact that frontline employees of color are more likely to be sole wage earners in their households, rendering periods with no or reduced wages untenable for them. This impedes their ability to step away for necessary recuperation or renewal.

## Limited availability of and access to career development opportunities

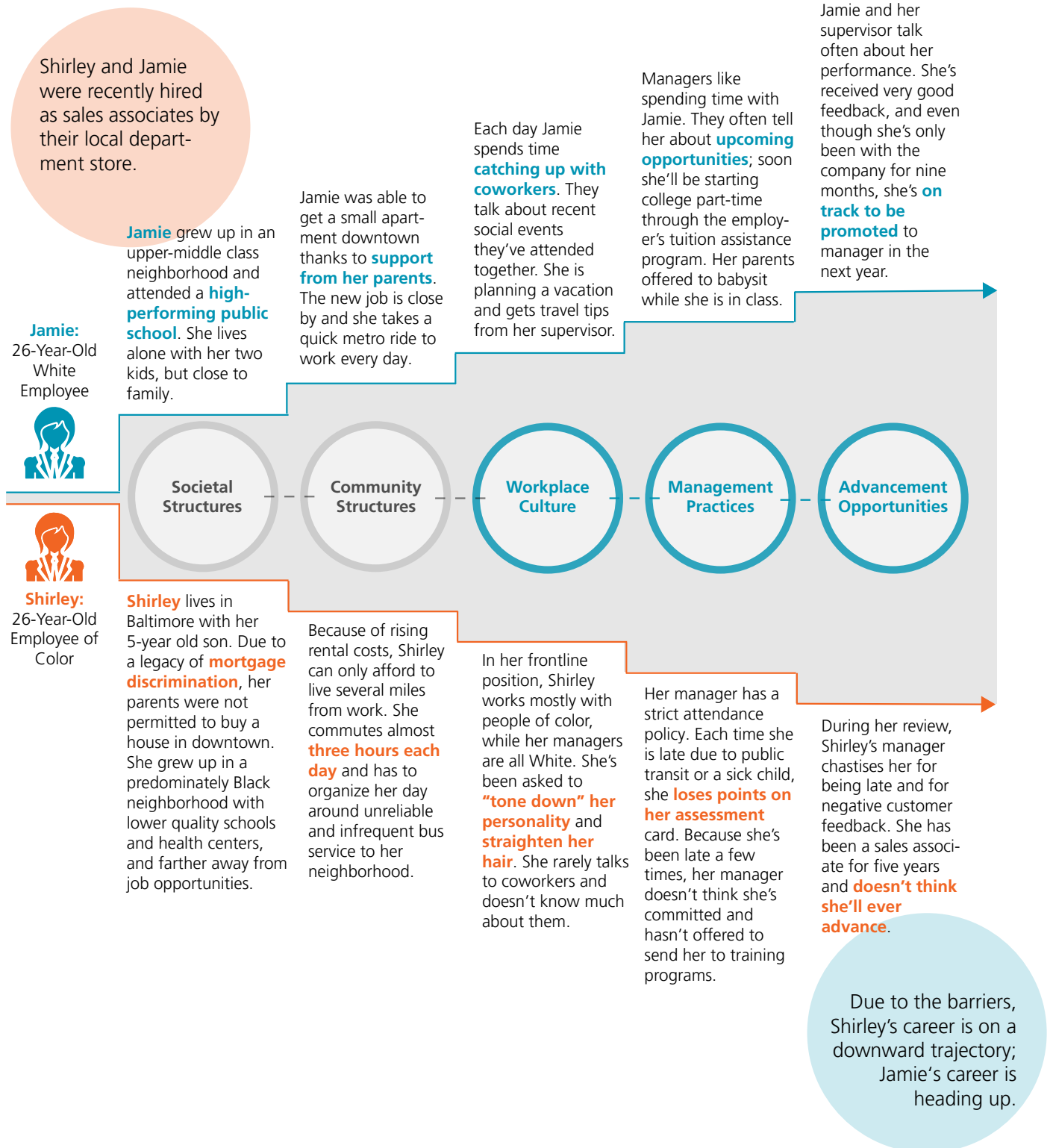
Implicit biases also have real effects on career advancement for frontline employees of color when biases translate into discrimination in evaluation and promotion. The ways in which prevalent negative stereotypes about people of color affect their experiences at work include:

- Beliefs that Black people are unfriendly, hostile, or rude result in lower performance evaluations for Black employees than for their White peers with the same qualifications.<sup>50</sup>
- Perceptions around Latinx employees being family-oriented, religious, and overly emotional can keep these employees from being seen as potential leaders. Latinx employees also report being questioned on their education level, immigration status, and nationality when they speak Spanish.<sup>51</sup>
- Asian Americans are expected to be passive, meek, and antisocial. As a result they are the group least likely to be promoted into management, despite being the most highly-educated group.<sup>52</sup>

These biases affect the likelihood that employees of color will know about, have access to, and attend management skills trainings.<sup>53</sup> Access to mentorship and sponsorship, which is critical for upward mobility, is often lacking for employees of color. Women of color in particular are the least likely to have mentors at work, in part because they are least like those who are traditionally in positions of power and authority, and in part because many have limited professional networks to aid in their career advancement.<sup>54</sup>

*Figure 4* illustrates how these five barriers cumulatively contribute to a widening career outcomes gap between frontline employees of color and their White counterparts.

FIGURE 4. WIDENING CAREER OUTCOMES GAP





## Stories from Frontline Employees of Color

### Dario

Dario is a 24-year-old Latinx man born and raised in Orlando who has experienced periods of homelessness since he was 10 years old. He has held different retail and food service jobs where he felt that his employers cared more about pleasing their customers and meeting their business targets than supporting their employees of color. More than once, managers failed to back him up in the face of racist experiences that devalued and challenged Dario's everyday responsibilities at work.

*"Sometimes customers come in and are just really rude and racist, and it's really frustrating because [managers] never take care of the employee—they just take care of the customer. Once, a man got really rude and said, 'I don't know why they don't have more professional, light-skinned people.' And the manager just pulled me to the side and pulled me out, and he didn't even say anything to me until later."*

He has had limited ability to know his schedule in advance and to change his shifts to accommodate other life commitments and to navigate being homeless. Transportation to work has always been difficult for him, as public transportation to and from the homeless shelter is limited; this has added a layer of difficulty to managing his work schedule.

Dario recently found a job as a restaurant associate at a regional pizza chain that has allowed him the flexibility he needs to navigate homelessness. His managers give him fewer hours when he needs a reduced schedule and give him more hours when he can handle them. This flexibility has helped Dario save up money and find stable housing closer to his job. He wants to grow at the company and use his experience to open up a small restaurant of his own.

*"I found a company that actually cares and actually listens. Now I'm in the actual process of moving up in the company. Now I feel like I'm in a company that's actually invested in me."*



# EVIDENCE-BASED EMPLOYER PRACTICES FOR ADVANCING FRONTLINE EMPLOYEES OF COLOR

Employers have a significant opportunity to address structural barriers to advancement for front-line employees of color. In doing so, they can advance racial equity, enhance the experience of their employees of color, and create business value in tangible ways.

## The business benefits of advancing racial equity for frontline employees include:

- ✓ Building a **pipeline of management talent** that reflects a company's customer base
- ✓ Developing a **more engaged, productive, and loyal frontline workforce** whose higher performance can boost business gains
- ✓ Building an **inclusive culture that benefits all employees**
- ✓ Becoming **employers of choice who continually access, attract, and retain** top talent and **enhance their brand** with their customers and communities
- ✓ Joining the growing ranks of leading companies leaning into an **ambitious corporate purpose** that contributes to greater equity in society

## Moving to action: Implementing the evidence-based practices

Companies can take a *holistic* approach to address racial inequities throughout their organization, rather than adopting a series of stand-alone programs. Advancing racial equity is an ongoing, iterative process that includes analyzing disaggregated data and taking an intentional approach to innovating solutions that work for employees of color, as well as for White employees. Our research has found that certain practices and policies, even when implemented for all employees, can create a disproportionately positive impact for employees of color. These practices fall under three strategic actions companies can take: building **internal capacity for an inclusive culture**; shifting **management practices and HR systems and policies** to promote equitable outcomes; and intentionally investing in the **development, recognition, and promotion** of frontline employees of color (Figure 5).

Our research, informed by a rigorous statistical analysis of 30 years of retail employer HR data; extensive literature review; and interviews with experts, employers, and frontline employees of color, surfaced **23 evidence-based practices for advancing employees of color from frontline to first-level management positions** (Figure 6). These practices, however, are not a complete solution for addressing racial inequities within an organization. Instead, they provide a starting point to inform ongoing analysis, implementation, and learning about what it takes to create change. We discuss more tactical action steps in Section IV of this report.

FIGURE 5. TURNING BARRIERS INTO OPPORTUNITIES

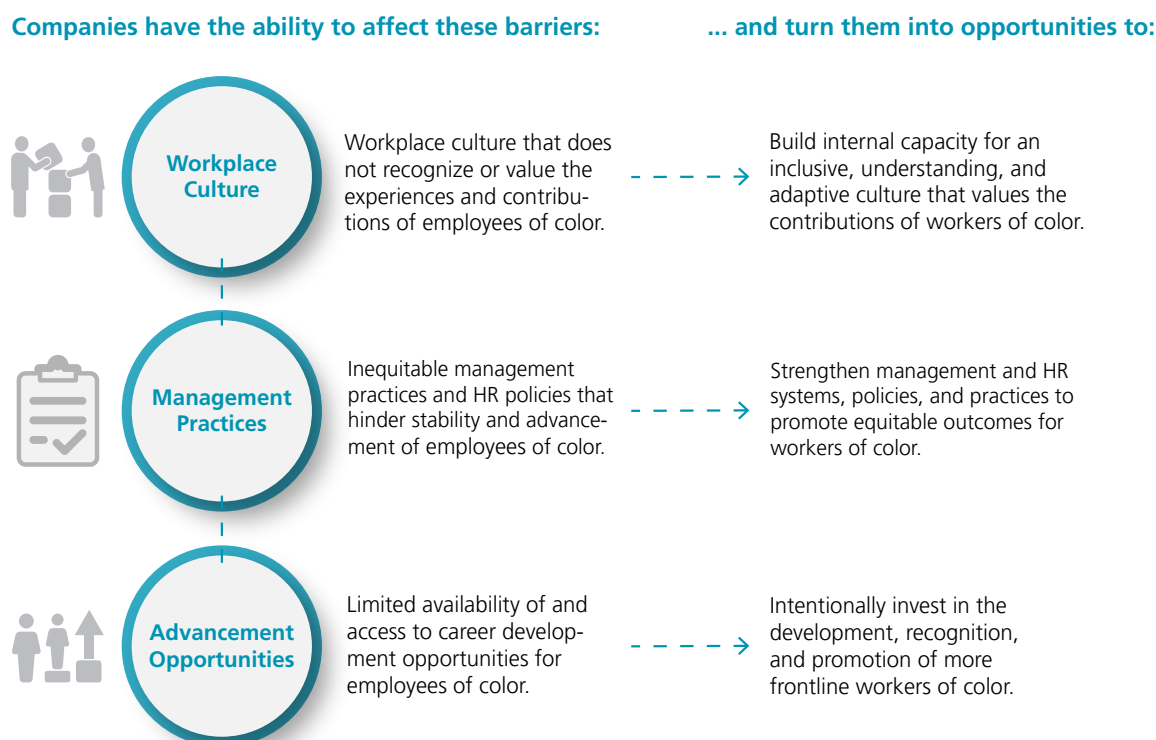
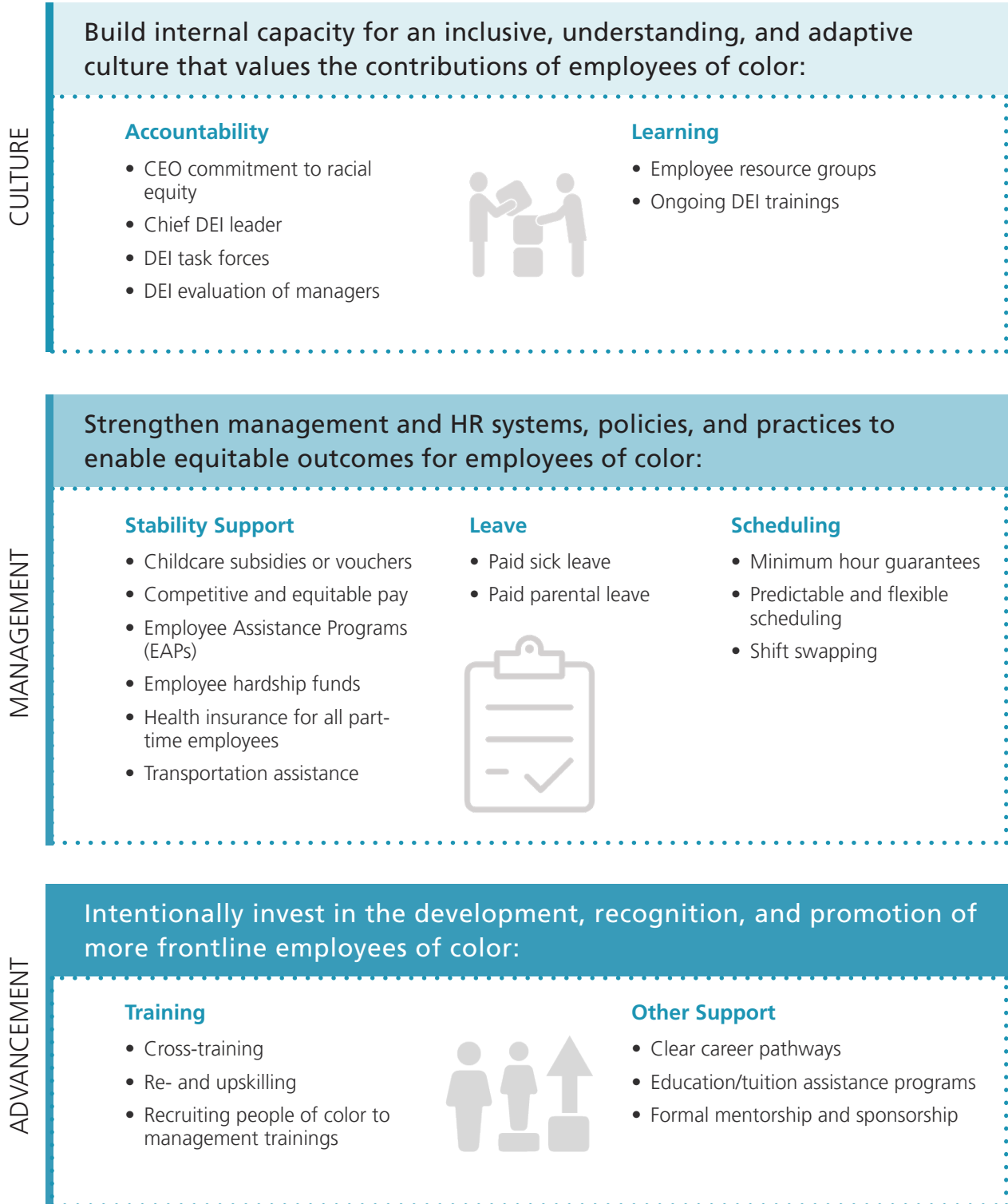


FIGURE 6. 23 EVIDENCE-BASED PRACTICES TO ADVANCE RACIAL EQUITY



# 1 Build internal capacity for an inclusive, understanding, and adaptive culture that values the contributions of all employees



An inclusive workplace culture underpins an organization’s commitment to racial equity. It also enables companies to access, attract, and retain the best talent: all employees are happiest and highest-performing when they feel that they belong and are valued at their workplace. Creating a culture of equity requires that all employees, from corporate leaders to local managers to frontline staff, actively participate. And it requires adaptive and transformational approaches that influence behaviors and mindsets; that re-examine programs, processes, and practices; and that actively counter racial inequities.<sup>55</sup> To enable this shift, it is important that all employees—leadership in particular—have the tools and resources necessary to contribute their energy and talents to meaningful culture change.

Corporate leaders, especially CEOs, play a critical role in creating a culture of inclusion. A [CEO’s commitment to racial equity](#) can include acknowledging a company’s past mistakes and current shortcomings, articulating a clear vision for change, holding themselves personally accountable for delivery, and actively participating in diversity, equity, and inclusion (DEI) efforts. DEI leaders at **Starbucks**, **Target**, and **Walmart** all cite the deep and authentic engagement of their CEOs, Kevin Johnson, Brian Cornell, and Doug McMillon, as key to their recent strides in fostering more inclusive workplace cultures. [Chief DEI leaders or officers](#) serve as internal champions for racial equity and are especially effective when they report directly to the CEO and are able to work cross-functionally to infuse equity into every part of the company. **Nordstrom** credits its Diversity Affairs division for much of its success in advancing its employees of color: since the division’s launch in 1988, the proportion of managers of color has increased from 16 percent to 36 percent.<sup>56</sup> [DEI task forces](#) can extend a DEI leader’s understanding and leverage by engaging a cross-section of employees, especially when the task force includes top leadership to ensure adequate resourcing of initiatives. **Best Buy** has several Diversity and Inclusion Steering Committees, cross-functional

groups of leaders within a territory or business unit that drive work related to the fostering of an inclusive workplace.<sup>57</sup>

[Employee Resource Groups](#) (ERGs, also called affinity groups) provide a venue in which employees can

“The talent life cycle of any organization is one of the most insidious and pervasive places where unconscious bias can persist. **That’s why diversity, equity, and inclusion principles need to be infused into every HR process and facet of the talent life cycle—recruitment, hiring, onboarding, evaluation, assignment, development, and promotion.** You then need to hold leaders accountable for operationalizing these processes and modelling the desired behaviors for inclusion.”

— Ben Hasan, Senior Vice President and Chief Culture, Diversity & Inclusion Officer, Walmart

connect with peers from their identity group and can serve as important vehicles for sharing feedback and recommendations with decision-makers who have influence over company-wide policies and practices. Successful ERGs are integrated into the organization and empower participants to contribute to culture change through clear ties to power-holders. All of **Hilton's** Team Member Resource Groups, for example, are sponsored by an Executive Committee member and have a Hilton Leadership advocate.<sup>58</sup>

**DEI trainings** are often the first step employers can take when trying to improve workplace inclusiveness. DEI trainings work best when they are voluntary,<sup>59</sup> do not have a compliance or legalistic focus,<sup>60</sup> and are embedded in ongoing trainings (e.g., onboarding, manager trainings) and when they are not onetime, stand-alone interventions. Following the unjustified arrest of two Black customers in a Philadelphia location in May 2018, **Starbucks** shut down 8,000 stores to conduct a full-day, all-employee implicit bias training. The proportion of store managers and frontline employees reporting a solid understanding of implicit bias increased by nearly 20 percent three weeks after the training. To sustain the momentum, the company rolled out a set of 8 modules for all employees to complete throughout the year, and, in partnership with Arizona State University, developed a set of 15 online courses exploring bias that are open to the public.<sup>61</sup>

**Evaluating managers on DEI metrics** can be a strong incentive for managers to make DEI a priority in their day-to-day work. **Walmart** evaluates more than 77,000 of its salaried U.S. managers with a diversity and inclusion competency rating as part of their annual performance appraisal, and expects these managers to complete at least one Inclusive Leadership Education session, such as unconscious bias training or the Racial Equity Institute, each year. In addition, Walmart officers at the vice president level and above have access to a dashboard that provides current and historical insights into the representation and movement (hires, promotions, and turnover) of women and people of color within their organization. Walmart leaders are encouraged to use insights from the dashboard to make data-driven decisions and formulate action plans which can lead to improved diversity and inclusion outcomes for their organization.

## 2 Strengthen management and HR systems, policies, and practices that promote equitable outcomes for employees of color

Management practices, HR policies, and employee benefits can support stability and open the door to mobility for frontline employees of color. Collecting and analyzing disaggregated data related to HR, management practices, and employees of color (e.g., representation, retention, engagement, satisfaction, advancement, benefit utilization) can help HR leaders better understand how their practices and policies are affecting their employees and their business overall.



Compensation is an important contributor to overall stability and mobility. Employers can ensure they are providing [competitive and equitable pay](#) by examining racially disaggregated HR data for systemic pay gaps and publicly holding themselves accountable to providing the best benefits to employees. **Starbucks** set a goal of 100 percent gender and racial pay equity and achieved it in 2018.<sup>62</sup> **Costco** and **Amazon** both raised their company-wide minimum wages to \$15 per hour in 2019 to be more competitive in today's tight labor market.<sup>63</sup>

Benefits such as [childcare subsidies or vouchers](#) help all working parents and can disproportionately benefit frontline employees of color, who are more likely to juggle childcare and family obligations and work. And they can help business: each year U.S. businesses lose approximately \$4.4 billion to employee absences due to childcare issues.<sup>64</sup> Employees who are distracted by emergency childcare needs experience reduced productivity at work. This motivated **Best Buy** to partner with Care.com to offer up to 10 days of subsidized childcare for all full- and part-time employees for a copay of only \$10 per day.<sup>65</sup> [Transportation assistance](#), whether in the form of public transportation vouchers or ride-share partnerships, can reduce the burden of long and unpredictable commutes on frontline employees of color and generate savings for employers through tax credits and lower levels of tardiness and absenteeism. **Wegmans Food Markets** provides subsidized transportation to and from work for its frontline employees in selected stores; annual turnover among this group dropped from nearly 100 percent to 30 percent.<sup>66</sup> Extending [health insurance to part-time employees](#) who work less than the Affordable Care Act's 30-hour-per-week threshold can support frontline employees of color, particularly those who are piecing together multiple part-time jobs.<sup>67</sup> **Costco** has extended healthcare insurance to 88 percent of its employees, including part-time employees, requiring them to pay premiums of just 10 percent of overall plan costs.<sup>68</sup>

[Employee Assistance Programs \(EAPs\)](#) provide free support to employees for issues in and outside of the workplace that might be affecting their work performance. **Lowe's** offers a 100 percent employer-paid EAP called My Life Track that offers assistance on an array of issues, including health, legal, financial, childcare, addiction, and lifestyle management.<sup>69</sup> [Employee hardship funds](#), to which employers and employees contribute, provide grants to employees after hardship events and are shown to increase employee loyalty, productivity, and financial stability. **Home Depot's** Homer Fund, funded by contributions from 93 percent of company employees after high-profile fundraising drives, has fed a close-knit culture of solidarity that aids in recruitment and retention.<sup>70</sup>

Less than 1 in 10 employees in low-wage sectors have access to paid family and medical leave, and employees of color are less likely to be able to afford periods of unpaid leave.<sup>71</sup> Offering [paid sick leave](#) and [paid parental leave](#) can enhance stability for employees of color. **JC Penney** provides its part-time employees with a "bank" of paid time off, called My Time Off, that accrues with time and can be used for any combination of vacation, personal, or sick days.<sup>72</sup>



## Employer Spotlight

Sodexo, a global food services and facilities management company committed to improving Quality of Life, was not always the benchmark in diversity and inclusion that it is today. Significant lessons were learned when in March 2001, thousands of Black employees claimed they were systematically denied promotion to upper-level management. The resulting class action law suit served as a catalyst for Sodexo to update their HR systems, policies, and practices. *“Sodexo went from class action to best-in-class,”* says Rohini Anand, the company's former Global Chief Diversity Officer and Senior Vice President of Corporate Responsibility since 2002.

How did this company engineer such a dramatic turnaround, leading to their #1 ranking for Diversity Inc's Top 50 Companies for Diversity and inaugural Hall of Fame inductee, among many other accolades? With strong commitment at the top, Sodexo developed a comprehensive D&I strategy that enabled them to reach both managers and frontline employees despite their geographically-dispersed business model. **By empowering employees and holding them accountable, cultural transformation became possible, which has enabled its diverse workforce, inclusive of people of color at every level, to thrive.**

Dr. Anand makes a compelling argument for DEI, stating, *“There's a talent crisis right now with more open jobs than we can fill. To hire the best talent, we need to expand our pool and cast our net wide...It is all about engagement and retention. If you have an inclusive culture, you can engage and retain better.”*

*People of color participating in Sodexo's IMPACT mentoring program have at least a 10% higher promotion rate than their counterparts.*

**Sodexo leverages its diversity scorecard to monitor the recruiting, retention, and promotion of women and people of color.** They evaluate gaps that exist and put interventions in place to address segment-level opportunities. To raise awareness and build skills that drive cultural stewardship, Sodexo requires newly hired managers to attend a mandatory “Spirit of Inclusion” onboarding experience and hosts a variety of Diversity Learning Labs thereafter. In addition, Sodexo's best-in-class two-way mentoring approach helps connect partners who bring a diversity of experiences. **For the past two IMPACT cohorts, promotional rates for women and people of color mentees were at least 10% higher than for their counterparts.**

**Sodexo's middle managers play a crucial role in carrying D&I forward, which includes elevating people of color at the unit level.** Select high-potential employees who serve as Inclusion Ambassadors implement D&I related programs that foster inclusion and build diversity in the pipeline. In 2019, Ambassadors reached more than 8,000 employees who participated in training sessions entitled “Empathy & Understanding” and “Importance of Belonging.” LIFT Mentoring provides a toolkit, including meeting agendas, that prepares diverse frontline employees for upward mobility into supervisory and manager roles.



**Nordstrom** gives its part-time employees paid time off and offers up to 12 weeks of fully paid leave to birth mothers and up to 6 weeks of fully paid leave to other new parents.<sup>73</sup>

**Predictable and flexible scheduling** practices give employees more control and ability to juggle life and work responsibilities. A recent study of 30,000 hourly retail and food service employees found that those with unpredictable schedules were twice as likely to report hardships including hunger, homelessness, sleep loss, stress, poor health, and child behavioral problems as those with stable schedules.<sup>74</sup> Frontline employees of color were also 10 percent more likely to be exposed to schedule instability than White employees at the exact same firm—a discrepancy that researchers say can only be explained by managers’ racial discrimination in assigning shifts.<sup>75</sup> This hurts employers’ bottom lines: frontlines employees with precarious schedules are 35-42 percent likely to turn over, compared with an industry average of 28 percent.<sup>76</sup> Unpredictable schedules can also result in greater absenteeism, lower productivity, and unsatisfactory customer service.<sup>77</sup> To counteract this, **Macy’s** developed an electronic scheduling system that allows its associates to choose their own schedules within certain parameters.<sup>78</sup> **Walmart** improved schedule predictability with a core hours system, in which associates work the same weekly shifts for at least 13 weeks.<sup>79</sup> Frontline employees of color have 14 percent higher week-to-week income instability than their White counterparts,<sup>80</sup> and those who work part-time are more likely than their White peers to be underemployed, meaning they would prefer to work more hours than they are assigned.<sup>81</sup> **Minimum hour guarantees** can address this by giving employees a steadier income floor. **Costco**, for example, guarantees part-time employees 24 hours per week.<sup>82</sup> **Target** allows **shift swapping**, in which its hourly employees can trade shifts with their colleagues and pick up additional ones.<sup>83</sup>

### 3 Intentionally invest in the development, recognition, and promotion of more frontline employees of color



Employers save resources, drive greater loyalty, and create a stronger workplace culture when they develop and promote incumbent employees rather than hire external candidates into management positions.<sup>84</sup> Accelerating the advancement of frontline employees of color also creates a strong talent pipeline for employers.

The majority of employers offer training to their employees. However, fewer than half of employees access or utilize it.<sup>85</sup> Providing **re- and upskilling** opportunities and training and ensuring that they are accessible to frontline employees of color—for instance, offering opportunities on-site, during working hours, and in multiple languages—is a clear place to start.<sup>86</sup> **Inditex** offers initial on-the-job training and department-specific technical training to all of its associates, integrating these trainings into everyday work.<sup>87</sup> **Walmart’s** Walmart Academy, a regional training program located in or near Walmart stores for frontline hourly employees and assistant managers, has



## Employer Spotlight

Walmart catalyzed its current approach to diversity, equity, and inclusion (DEI) in 2015 when it established its Office of Culture, Diversity & Inclusion (CDI). While Walmart has had a team focused on diversity and inclusion since 2003, the creation of the CDI office marked an intentional and strategic move by the company to evolve its DEI work from transactional, compliance-based programming to transformational, business-driven culture change. It serves as a center of excellence designed to set strategy, measure progress, advise the business and leadership, and create programming for DEI upskilling. It also supports the implementation of Walmart's DEI strategy, which focuses on four strategic objectives: Activate The Culture, Associate Life Cycle Integration, Build an Inclusive Brand, and Modernized Measures for tracking indicators on diversity and inclusion.

These strategic objectives are supported and amplified through sponsorship from Walmart's President and CEO, Doug McMillon. McMillon is deeply committed to the company's DEI initiatives and in 2016 established a President's Inclusion Council, a task force comprised of senior leaders from across the enterprise who inform and drive DEI strategy and execution within their business units. McMillon also hosted town hall discussions at the corporate office in 2016 following a series of racially-charged police shootings; led an immersion trip to Montgomery, Alabama, for senior executives to experience key aspects of racial equity and the civil rights movement;

and committed resources to support the offering of a company-wide viewing of the film *The Hate U Give*, which included facilitated small group discussions of the film's themes of race, equity, and codeswitching.

Creating a culture of inclusion is important to Walmart, and that means ensuring all of its 1.5 million associates feel welcomed, comfortable, and safe in bringing their authentic self to work each day and that they are engaged and empowered by inclusive leaders to be high performers. Inclusion is how Walmart seeks to tap into the full potential of its diversity and leverage it to create ROI for everyone—including its associates.

Walmart views its DEI initiatives as a strategic lever for unlocking increased business performance. Meeting the changing wants and needs of its customers requires Walmart to be innovative and agile, and it believes it is best positioned to serve its customers when it has a workforce that is representative of those customers. Walmart offers clear career pathways and opportunities—more than 70 percent of its U.S. salaried retail managers have been promoted from hourly positions.

Walmart also offers trainings to its management associates that help foster inclusive leadership. More than 77,000 U.S.-based salaried management associates have inclusive leadership expectations as part of their annual performance evaluations. Leaders with inclusive leadership expectations must complete at least one approved inclusive leadership education

offering annually, such as unconscious bias training or attending the Racial Equity Institute, and actively mentor two associates outside of their direct reporting structure.

In 2016, Walmart introduced the CDI scorecard—a tool that provides insight for each business unit on the progress of key culture, diversity, and inclusion indicators for its organization. Specifically, the scorecard measures progress on representation and movement (hires, promotions, and retention) for women and people of color. This progress is reported monthly to the CEO and Executive Committee, and quarterly to the Board of Director's Compensation, Management, and Development Committee. Business units develop their own customized action plan to address relevant focus areas across the talent life cycle (recruitment, hiring, development, promotion, retirement). Each business unit leader is evaluated

on CDI results as part of their annual performance evaluation. Collectively, these strategies and initiatives are showing positive results at Walmart as the company realized a **5 percent increase in hourly-to-management promotions for people of color from FY18 to FY19**. Additionally, Walmart saw an increase in its overall U.S. hourly representation for people of color from 44.42 percent to 45.16 percent over the same period.

*All of Walmart's equity work is grounded in data. The insights help Walmart better understand what is happening within stores and help inform new company-wide policies that affect its employees of color.*

trained more than 800,000 employees since its inception following a 2016 pilot. Between 2018 and 2019, the company has seen a five percent increase in the promotion rate for people of color from hourly to management positions. **Cross-training** employees in tasks outside of those required for their primary roles allows companies to deploy them where they are needed most at any given time and increases employees' morale by affording them more variety in their work. **Costco** trains its frontline employees to handle many roles—managing cash registers, stocking shelves, rearranging the store, developing promotions, and managing others—and compensates them with pay that is commensurate with their role even before they are formally promoted.<sup>88</sup> Cross-training offers career development benefits by providing exposure to a wider variety of supervisors, potential mentors, and promotion opportunities. **Gap**, for example, runs a Rotational Management Program (RMP) for entry-level talent seeking to advance into management and leadership positions in the company. The program, in addition to inclusive mentoring and learning programs, has played a part in the company's increase in its proportion of managers of color from 25 percent to 29 percent from 2013 to 2017.<sup>89</sup>

*Simply making training programs available is not enough: systemic barriers remain that prevent frontline employees of color from taking advantage of them.*

Simply making training programs available is not enough: systemic barriers remain that prevent frontline employees of color from taking advantage of them. These include bias among the supervisors required to recommend candidates as well as rigid application processes and skill requirements that limit who has access to training opportunities. Targeted **recruiting of employees of color to participate in management**

**trainings** is one method of overcoming these dynamics. **Marriott** views its Emerging Leader Program as a key tool for increasing diversity in its management ranks; 36 percent of participants are employees of color and 60 percent have been promoted at least once since the program's inception in 2014.<sup>90</sup>

**Clear career pathways** help frontline employees understand their promotion opportunities and identify what skills they need to develop to advance within their organization, while also reducing hidden inequities in pay and promotion through standardization and transparency. **Chipotle** publishes a career path for its employees with promotion possibilities and wage and benefit increases attached to each stage of professional growth; over 90 percent of Chipotle's managers are promoted from within.<sup>91</sup>

Employers can also support upward mobility through **education or tuition assistance programs**. When employers invest in continuing education for their frontline employees of color, they do not just increase retention of those employees; they help build internal pipelines of talent to fill

current and future skills needs. Studies of **Cigna's** and **Discover's** education assistance programs found that participating employees boosted their wages by 43 percent and 41 percent respectively, while the companies experienced ROIs of 129 percent and 144 percent on the programs due to HR savings from higher rates of promotion, internal transfers, and retention, and lower rates of absenteeism.<sup>92</sup> **Starbucks's** tuition assistance program covers the full cost of earning an online bachelor's degree from Arizona State University for all employees working at least 20 hours a week, with a choice of more than 70 undergraduate degrees and 24/7 tutoring support. Over 60 percent of new hires come to Starbucks with an expressed interest in the program, and participants have twice the retention rate of and are promoted four times faster than nonparticipants.<sup>93</sup>

Studies have shown that **formal mentorship and sponsorship** programs are critical for the career advancement of employees of color. **Sodexo's** IMPACT mentoring initiative matches 150 manager-frontline employee pairs every year, 75 percent of which are cross-race or cross-gender thanks to the intentional recruitment of women and people of color into the program. Mentees in this program experience higher promotion and retention rates than those of the general Sodexo frontline population.<sup>94</sup> **Chipotle** incentivizes sponsorship by offering a \$10,000 bonus to managers who develop and advance a frontline employee into a managerial position.<sup>95</sup> These types of formal sponsorship programs can especially benefit frontline employees of color when program designers identify and interrupt systemic racial biases that influence traditional sponsorship patterns.

**Appendix 3: Evidence-based Practice Deep Dives** provides additional detail, examples of the practice in action, and resources for further learning.



## Employer Spotlight

On May 2, 2018, a Starbucks store manager in Philadelphia called the police to report two Black men waiting to have a business meeting in the store. The men were arrested and detained for several hours. Following widespread public outcry over the incident, Starbucks leaders closed down all Starbucks locations for a full day to implement an anti-bias training for all 175,000 partners (the term Starbucks uses to refer to employees). The incident and subsequent training marked the beginning of Starbucks' renewed commitment to understanding how to prevent incidents like the one in Philadelphia and to advance equity, diversity, and inclusion internally and in the communities it serves. The company dedicated itself to **addressing bias in its stores, developing its frontline talent, and embracing public transparency about and accountability** for their progress toward these efforts.

Starbucks developed an **anti-bias training**, "The Third Place: Our Commitment, Renewed," which centered on Starbucks's intention of being a "third place," or a public space in society that exists beyond work and home; acknowledges and understands historical and current social and racial dynamics and realities; and in which community members can gather and feel welcomed and experience connections.<sup>96</sup> For then-Chairman Howard Schultz, this effort was *"just the beginning of what we will do to transform the way we do business and educate our*

*people. This is not an expense; this is an investment in our people, in our way of life, in our culture and our values."*<sup>97</sup> The company offered the training—designed to provide education about racial equity, as well as practical tools for recognizing and addressing implicit bias—to all partners. The training lasted four hours and partners were paid their regular wages while attending. Three weeks after the training, the number of store managers and frontline employees who reported a solid understanding of implicit bias had increased nearly 20 percent.<sup>98</sup> Beyond the half-day training, Starbucks added anti-bias training to onboarding for all new partners. DEI experts also developed a publicly available, free version of the [curriculum](#) with eight additional modules organized in themes: mindful decision-making, leaning into discomfort, courageous leadership, and being a community builder.

**Starbucks also turned inward toward revamping the hiring, development, and promotion** of its partner talent base with an eye toward advancing people of color and women. Starbucks's store partners are currently 46 percent people of color and 68 percent female, and the company plans to set race- and gender-based promotion targets for every store manager position (these targets are already in place for district managers and senior roles).<sup>99</sup> All partners are able to view promotion opportunities and express interest in open roles and management

training, and talent movements are tracked through candidate profiles that help understand how best to support developing partners. Key positions now have diverse interview slates, which are intended to support an increase in the number of people of color hired and advanced. Starbucks will also include at least one woman and one member of an underrepresented group on each applicant's interview panel to encourage diverse perspectives in the feedback and evaluation of candidates.

At Starbucks, commitment to equity has consistently come from senior leadership, including both the founding CEO and the current CEO. This **commitment extends accountability and transparency** beyond the four walls of the company to the public and the communities that Starbucks serves. Earlier

this year the company released "[An Examination of Starbucks' Commitment to Civil Rights, Equity, Diversity and Inclusion 2019](#)," a public audit of Starbucks' policies, practices, and commitment to civil rights and equal treatment. The assessment establishes a baseline for where Starbucks is today, highlights bright spots in Starbucks' work, and identifies opportunities to improve equity throughout the company.

*Starbucks turned inward and identified ways to revamp the hiring, development, and promotion processes for its partner talent base, with a focus on fostering equity and inclusion for people of color and women.*



# TAKING ACTION

In today's rapidly shifting marketplace, advancing racial equity is a source of competitive advantage. Many companies have committed to racial equity, but they struggle to move to action.

**Advancing racial equity is not as simple as launching a single training or changing a single practice, nor is it a single person's role—it requires intentionally shifting cultures, behaviors, practices, and policies in ways that contribute to greater equity. It is a new way of doing business.**

The evidence-based practices highlighted in this report are intended as a practical starting point for companies moving to action on racial equity. These practices can create substantial business value for employers in the form of improved retention, productivity, and employer brand, but few employers are implementing them for frontline staff. Even fewer are doing so with an understanding of the historical context that contributed to inequitable outcomes for frontline employees of color and their own companies' roles in creating and perpetuating those dynamics.

If your company is committed to tapping into the full potential of frontline employees of color, five practical steps can help accelerate action and change:



- 1 Develop a nuanced understanding of the internal and external factors that have contributed to historical and present-day race-specific inequity.**<sup>100</sup> If companies enacting changes are not attuned to how they arrived at their current state—in which some employees face barriers that others may not—and how historically businesses and social structures have not been designed to serve everyone, they may miss critical context or create unintended consequences for the employees they are seeking to engage. **Starbucks'** recent reckoning with its place within the history of racial inequity, following the unjustified arrest of two Black men at one of its locations, “provoked a necessary discussion within the company about the need to confront the full dimensions of what it means to steward public spaces in our country.”<sup>101</sup> In order to understand how racial equity is showing up in all areas of the company, Starbucks conducted a holistic civil rights audit, which was released publicly.<sup>102</sup>
- 2 Collect and disaggregate qualitative and quantitative data on employees by race, gender, and other identity factors across multiple levels of the organization—from company-wide to the store/location level—to develop an intersectional understanding of the company’s existing talent base and of the inequities within it.** Without disaggregated HR data, it is difficult to understand where and how inequities currently exist, or how changes in practices will affect employees of color. **Walmart** breaks down its HR data for people of color by race and ethnicity to assess trends in representation and movement (hires, promotions, and turnover) for internal reporting, and publishes aggregated percentages for representation, new hires, and promotions for women and people of color in its annual Culture, Diversity & Inclusion Report. In addition, Walmart has begun exploring how regional, market and store-based data can be analyzed to isolate focus areas for targeted racial equity training.
- 3 Assess your company’s current efforts across the 23 evidence-based practices (on page 18) to uncover and interrupt implicit institutional and individual biases affecting frontline employees of color.** Addressing implicit bias extends well beyond including it as a topic in DEI trainings—it means examining company culture; management and HR systems; and professional development opportunities to identify where individual and collective bias might be creating negative outcomes for different groups of people.<sup>103</sup> For example, **Target** identified a need for greater awareness of bias across all employees, so it conducted an anti-bias training for 7,000 of its headquarters employees. The company is now embedding an anti-bias component in initial job training for all employees.
- 4 Pilot evidence-based practices, paying close attention to whether they are meeting the needs of frontline employees of color.** Examining current practices with a racial equity lens can uncover areas for potential focused investment. Even when a policy or benefit is available to all employees, it is important to assess which employees are currently accessing programs or benefits. If there are disparities in utilization among different racial groups, employers can investigate why. Are employees of color less aware of the policy or benefit? Are there certain groups of employees of color that are showing greater response or uptake than others? If so, what might contribute

to those differences? Do they have fewer mentor figures to support them in navigating how to access the benefit? Are there implicit biases in the implementation of the practice that are disadvantaging certain groups? Does this require a separate set of practices focused on certain identity groups? This will help to inform how employers can better design and implement practices that meet the unique needs of frontline employees of color.

## 5 Measure progress, adapt approaches, and share lessons learned from implementation.

Measuring and tracking progress on racial equity efforts is critical to developing the most effective strategies for the unique context of a company. Embedding measurement and accountability tools signals commitment from company leadership that making progress on racial equity is a top priority and involves continuous learning and adaptation. **Sodexo**, for example, employs DEI scorecards in performance evaluation and bonus decisions for its managers, which include both quantitative diversity targets and inclusive workplace measures. Some companies are going even further and making internal DEI data public and sharing helpful tools and lessons learned with peer companies. Starbucks intends to accompany its publicly-released civil rights audit with equity-centered curricula focused on building employee competence that will be free to the public and to other companies. These actions provide companies with external accountability, which is a powerful motivator for progress.

*Advancing racial equity is not as simple as launching a single training or changing a single practice, nor is it a single person's role—it requires intentionally shifting cultures, behaviors, practices, and policies in ways that contribute to greater equity. It is a new way of doing business.*

Advancing racial equity is the responsibility of leaders at multiple levels in the company. No matter where you sit, there are meaningful actions you can take to start your journey toward becoming a more racially equitable company (see *Figure 7*).

Today more than ever, employers have the opportunity and responsibility to advance racial equity and to foster working environments in which all people feel valued and empowered to contribute. Investing in frontline employees of color has the potential to not only transform individual

lives by enhancing life stability, improving economic security, and increasing participation in the economy, but also to transform business outcomes and workplace experiences for employees from a range of backgrounds. Companies cannot compete using business-as-usual strategies given significant demographic shifts, automation, and growing expectations for the role of business in society. **Employers that are able to acknowledge their own historical and current contributions to the limited advancement of frontline employees of color and who then recognize and tap into the potential, contributions, and value of these employees will gain competitive advantage, making them better businesses—for all.**

FIGURE 7. ADVANCING EQUITY IS THE RESPONSIBILITY OF LEADERS AT MULTIPLE LEVELS

If you are a ...	...then you can start advancing racial equity by...
CEO	<ul style="list-style-type: none"> <li>• Articulating and holding yourself accountable to a <b>clear vision and goals</b> for supporting the advancement of your frontline employees of color</li> <li>• Lending your voice to <b>build the business case</b> for developing your frontline employees of color</li> <li>• <b>Setting the tone</b> for an inclusive culture by modeling behaviors that align with equity and inclusion, such as creating spaces for dialogue and acknowledging mistakes with humility and a learning mindset</li> <li>• Establishing <b>open communication loops</b> that empower other leaders (e.g., DEI, HR) to share and act upon feedback</li> </ul>
DEI Leader	<ul style="list-style-type: none"> <li>• <b>Helping your company leadership understand</b>—with the aid of data—the value and importance of focusing on frontline employees of color and their development</li> <li>• Working with the C-Suite and HR leaders to <b>create accountability systems</b> that track progress towards equity goals</li> <li>• Supporting the <b>implementation of DEI trainings and follow-up</b></li> <li>• Equipping leaders across the organization with <b>tools and resources</b> to continue their pursuit of greater racial equity and inclusion</li> </ul>
HR Professional	<ul style="list-style-type: none"> <li>• Creating <b>safe spaces and communication loops</b> for employees to share experiences of discrimination and establishing clear processes for follow-up and accountability</li> <li>• Collecting and analyzing <b>disaggregated data on trends in the retention, development, and promotion of frontline employees</b>, paying particular attention to frontline employees of color</li> <li>• Using this data to <b>understand the career advancement experience</b> of your frontline employees of color</li> <li>• <b>Assessing existing management practices and HR policies with a racial equity lens</b> to uncover disparities in outcomes across racial groups</li> <li>• Spearheading the <b>piloting and roll-out of management practices and HR policies</b> that support frontline employees of color across the organization</li> </ul>
Store or Location Manager	<ul style="list-style-type: none"> <li>• <b>Listening to your frontline employees of color</b> and getting to know their unique experiences inside and outside of the workplace</li> <li>• <b>Reflecting on and assessing your own individual implicit biases</b> and how they may be contributing to different outcomes for different groups of your employees</li> <li>• <b>Modeling behaviors that contribute to greater equity and inclusion</b>, such as creating spaces for dialogue and acknowledging mistakes with humility and a learning mindset</li> <li>• Assessing which <b>policies, practices, and biases might be contributing to inequitable experiences</b> for frontline employees of color, and then making adjustments and sharing learnings with your superiors</li> <li>• Combining disaggregated HR data with your own <b>observations and knowledge about the local context</b> to inform your implementation of practices</li> <li>• Connecting frontline employees of color with the <b>development opportunities they need to grow and advance</b></li> </ul>

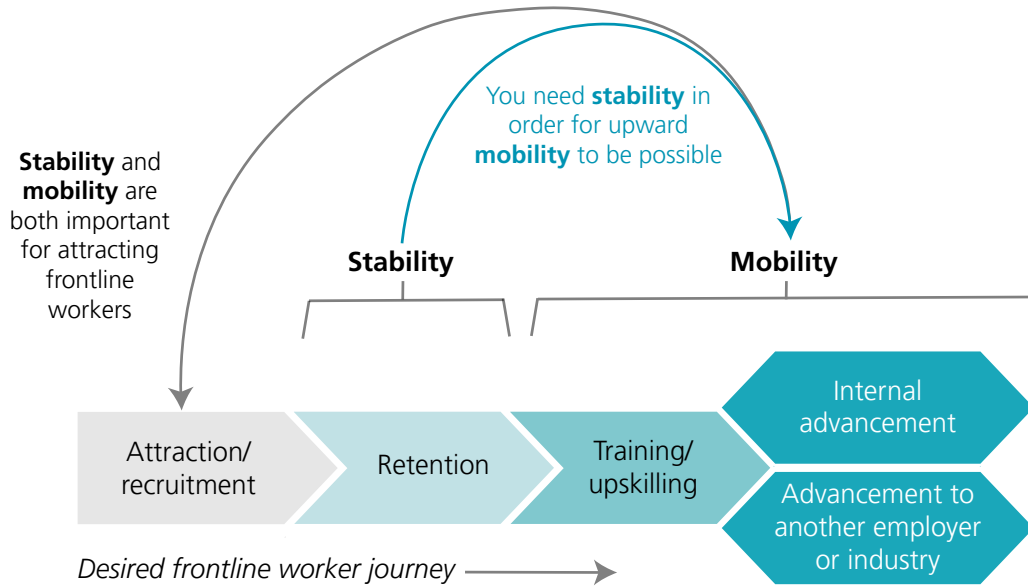
A photograph of two men in a retail environment. The man on the left, wearing a tan t-shirt, is handing a brown paper shopping bag to the man on the right. The man on the right, wearing a grey sweater, is smiling and looking at the bag. The background shows a store interior with shelves, plants, and clothing racks.

# APPENDIX 1: METHODOLOGY

The majority of publications on workforce and DEI issues focus on the recruitment of diverse talent, especially into entry-level or upper management positions. But little has been written on evidence-based employer practices to support the advancement of employees of color from the frontline to first-level management positions. This is in many ways a more difficult challenge to address because it requires a deep examination of and changes to internal culture, policies, structures, and practices. But as any experienced executive knows, cultivating and promoting talent from within is more cost-effective and yields greater long-term dividends than recruiting from the outside. *Figure 8* shows the relationship between these pieces of the frontline employee journey.

This report focuses on the mobility piece of the frontline employee journey, which encompasses training, upskilling, and advancement into first-level management. Frontline employee mobility requires that employees have a degree of stability in their jobs and lives—a key driver of retention—so the report addresses that aspect as well. And it seeks to answer two key questions: what is preventing frontline employees of color from advancing at the same rates as their White counterparts? And what can employers do to close that gap?

FIGURE 8. WHERE ADVANCEMENT OF FRONTLINE EMPLOYEES FITS WITHIN THEIR CAREER TRAJECTORY



### Research Methodology

Our **qualitative** research included a scan of more than 400 peer-reviewed and grey literature sources and 25 interviews with academic experts, workforce practitioners, and employers. We also conducted in-depth interviews with frontline employees of color working in Baltimore and Orlando, and led a focus group with 10 frontline employees of color in the retail, hospitality, and food services industries in Baltimore. This latter set of interviews was not meant to serve as a representative sample of the entire population of frontline employees; rather, it was intended to capture individual stories that provide illustrative examples of the barriers and opportunities experienced by these employees.

Our **quantitative** research consisted of a statistical analysis conducted by our academic partners, Harvard Professor Frank Dobbin and Tel Aviv University Professor Alexandra Kalev. They collected 30 years (1971–2002) of Equal Employment Opportunity Commission (EEOC) data from a representative sample of 75 large national retail firms. These firms represent a total of 1.6 million store-level retail employees. The EEOC requires self-reported disaggregated data on the race and gender distribution of a firm’s workforce across defined roles, including frontline retail salespeople and management roles. In addition to the EEOC data, Dobbin and Kalev collected firm-specific

data through a retrospective employer survey that covered the same 30-year period. The self-reported survey recorded employers' use of 64 HR practices and interventions at the headquarters and retail establishment level.

Dobbin and Kalev merged these two data sets and, through rigorous statistical analysis, observed changes in the workforce, particularly shifts in the share of employees of color in management positions in retail establishments after the implementation of the specific interventions. To prove statistical significance, the analysis isolated the effects of each practice from the effects of other organizational and labor market features, including the implementation of other practices and internal organizational changes as well as larger policy, societal, and labor workforce shifts. The evidence-based practices that resulted have all shown a statistically significant effect, within a 5 percent margin of error, positively impacting the advancement of frontline employees of color in retail stores.

Note that a few of the evidence-based practices recommended in this report were not available in the dataset from Dobbin and Kalev's research and therefore are based upon conclusions gleaned from our qualitative research alone.



# APPENDIX 2: DEFINITIONS

Term	Definition
<b>Advancement</b>	Vertical movement within an organization or across the sector (e.g., from foodservice to hospitality) out of frontline employment (e.g., advancement from clerk to store manager position), which may result in increased compensation and responsibility.
<b>Diversity</b>	The representation of a range of groups in a given setting, including but not limited to age, disability, ethnicity, gender, gender identity, marital status, national origin, race, religion, sexual orientation, or veteran status.
<b>Ethnicity</b>	The social characteristics that people may have in common, such as language, religion, regional background, culture, foods, etc. <sup>104</sup>
<b>Evidence-based practices</b>	Practices that have significant qualitative and quantitative data to support their effect on the advancement of frontline employees of color. Qualitative data comes from an extensive literature review, supplemented by interviews with employers and frontline employees of color. Quantitative evidence comes from a statistical analysis of HR practices and their effect on advancement (see <i>Appendix 1: Methodology</i> ). Both of these inputs are critical for understanding how to optimize the impact of any intervention on employees of color and their experiences.
<b>Frontline employees</b>	Employees who work directly with customers and/or who are directly involved in making a product or providing a service (e.g., cashiers, salespeople, housekeeping staff), who are non-salaried (i.e., wage-earning), and who are in positions that do not require advanced technical expertise.

Term	Definition
<b>Implicit bias</b>	The implicit associations we harbor in our subconscious that cause us to have feelings and attitudes about other people based on characteristics such as race, ethnicity, age, and appearance. These associations develop over the course of a lifetime, beginning at a very early age, through exposure to direct and indirect messages. In addition to early life experiences, the media and news programming are often-cited origins of implicit associations.
<b>Latinx</b>	A person of Latin American origin or descent, used as a gender-neutral or non-binary alternative to Latino or Latina. <sup>105</sup>
<b>Person of color</b>	In the context of this report, we are speaking particularly about Black, Latinx, Asian, and non-White communities, who consistently and historically experience negative life outcomes (e.g., wealth and asset building, educational attainment, life expectancy) compared to their White counterparts. We recognize that there are other critical identity factors that influence each person’s experiences, including gender, age, sexual orientation, ability/disability status, and veteran status, and that the intersectionality of these identities with race often exacerbate individuals’ life experiences and outcomes.
<b>Race</b>	Categories assigned to demographic groups based mostly on observable physical characteristics like skin color, hair texture, and eye shape. <sup>106</sup> Race is not concrete, fixed, inherent, or essential to human bodies; rather it is connected to social forces and structures. Thus, while race is socially constructed through human interactions and relationships between people and institutions, race has real and significant implications and consequences for individuals and society.
<b>Racial diversity</b>	The representation of a range of racial groups in a given setting.
<b>Racial equity</b>	The level of fairness and justice in the systems, processes, and policies of an organization at which race would no longer be a factor in the assessment of merit or in the distribution of opportunity. <sup>107</sup> This differs from <i>racial equality</i> , in which everyone receives the exact same treatment. Equity means each individual receives what they need in order to grow and thrive on their own terms, and that an individual’s race no longer, in a statistical sense, predicts their life outcomes.
<b>Racial inclusion</b>	Creating environments and cultures in which people can work together in ways that honor diverse backgrounds and perspectives and that call out power imbalances and biases. Racial inclusion involves active engagement and redistribution of power to those historically marginalized so that everyone may fully participate in decision-making processes, lead, and contribute to solutions. While a truly “inclusive” setting is necessarily diverse, a “diverse” setting may or may not be “inclusive.”
<b>Structural and institutional racism</b>	The system through which public policies, institutional practices, cultural representation, and other norms interconnect in various ways to perpetuate racial inequity. <sup>108</sup> These manifestations of systemic inequity extend well beyond individual instances of prejudice, discrimination, or inequality and are embedded in the systems that surround us and in which we all participate.
<b>Workplace culture</b>	The set of predominant values, attitudes, narratives, traditions, and shared experiences within a particular company or area of the company.



A woman with voluminous curly hair and glasses, wearing a red apron over a light-colored top, is smiling warmly. She is holding a clear glass tray with several white cupcakes in her left hand and a single cupcake in her right hand, presenting it towards the camera. The background shows a bakery or kitchen environment with metal shelving, wire racks, and various baking supplies. The lighting is bright and natural, suggesting a well-lit workspace.

# APPENDIX 3: EVIDENCE-BASED PRACTICE DEEP DIVES

# CEO COMMITMENT TO RACIAL EQUITY

## What is it and why does it matter for the advancement of frontline employees of color?

Buy-in and active engagement from the highest levels of leadership in support of company-wide diversity, equity, and inclusion initiatives is critical to advancing racial equity. CEO leadership in advancing racial equity signals commitment and willingness to engage on these issues, demonstrates the importance of this work, and models that all employees are expected to work toward the shared goal of racial equity. Corporate leaders play a critical role in creating and modeling a culture of inclusion in which employees of color can thrive.

## Tips for Implementation

- ✓ CEOs can **articulate a compelling vision for racial equity**, create and embed clear accountability systems, and provide resources to support implementation.
- ✓ CEOs can ensure that this **vision and support system for racial equity cascades throughout the company from middle management to store environments**, and can create spaces to discuss pitfalls and progress on racial equity goals (e.g., at leadership meetings, through “town halls” with staff).
- ✓ CEOs can **take a public stance on racial equity** by sharing disaggregated data and progress made. They can also recruit other CEOs to take on these efforts and use their voices to influence public policy

## Practice in Action

- **Target’s** CEO, Brian Cornell, has placed a strong emphasis on diversity and inclusion and has been active in advocating for equity in the industry as a whole. Cornell serves as the Chairman of the Retail Industry Leaders Association, where he has pushed for more action by the association on diversity and inclusion. Cornell’s focus on DEI is recognized throughout Target, and has had a significant influence on the organization’s priorities.
- **Starbuck’s** CEO Kevin Johnson, and former CEO Howard Schultz, both took clear stances—internally and externally—to address racial bias within the organization. Johnson led Starbucks to close nationwide operations for a full day to conduct a racial bias education for all employees, and has partnered with various external experts to develop a publicly-available curriculum focused on confronting racial bias.<sup>109</sup>

## Resources for Further Learning

- [What 11 CEOs Have Learned About Championing Diversity](#), *Harvard Business Review*
- [The Role of Senior Leaders in Building a Race Equity Culture](#), Bridgespan Group
- [Reckoning, Repair and Change: How Business Leaders Can More Effectively Advance Racial Equity and Competitive Advantage](#), FSG

[Back to main report](#)

# CHIEF DEI LEADERS

## What are they and why do they matter for the advancement of frontline employees of color?

DEI leaders are C-Suite-level officers explicitly focused advancing diversity, equity, and inclusion within the company. They often have the title of Chief Diversity Officer and have a dedicated team underneath them to support development and implementation of diversity, equity, and inclusion programs and practices across the company. They also work closely with DEI Task Forces and Employee Resource Groups (see these practices below). They are important stewards who can help corporate leadership establish clear goals and develop accountability systems to track progress made on issues of diversity, equity, and inclusion. They also contribute to helping all employees understand that it is everyone's responsibility to create an inclusive environment, which is a critical factor in the success of racial equity efforts.

## Tips for Implementation

- ✓ Empower DEI leaders by including them at the C-suite level with **clear decision-making power** and direct accountability and communication lines to the company's CEO/corporate leadership.
- ✓ Equip DEI leaders with a team and the **necessary financial resources** to achieve diversity, equity, and inclusion goals, and to support the direct implementation of programs and practices.
- ✓ **Integrate diversity, equity, and inclusion efforts into business priorities.** DEI leaders have the important role of making the case for diversity, equity, and inclusion and demonstrating—using internal qualitative and quantitative data—how these efforts are directly aligned to business goals.
- ✓ Establish **clear lines of communication between DEI leaders and operational leaders** in order to better learn what is and is not working.

## Practice in Action

- **Abercrombie & Fitch** has a Chief Diversity and Inclusion Officer who manages a staff of nearly 40 people. This staff includes dedicated senior managers focused on furthering D&I in stores, corporate offices, and distribution centers, as well as recruiting efforts for stores. They also have a specialist who tracks specific diversity and inclusion metrics.<sup>110</sup>
- **Nordstrom** has a Diversity Affairs division and credits much of the success of this division to the tangible and visible presence of their “regional diversity directors standing in front, one-on-one, and right there” with local leadership.<sup>111</sup>

## Resources for Further Learning

- [What is a Chief Diversity Officer and Why Does Your Company Need One?](#), Medium
- [A Leader's Guide: Finding and Keeping Your Next Chief Diversity Officer](#), Russell Reynolds Associates
- [Commentary: Chief diversity officers should be more than figureheads](#), Russell Reynolds Associates
- [Why Diversity Officers Often Fail](#), Forbes.com

[Back to main report](#)

# DEI TASK FORCES

## What are they and why do they matter for the advancement of frontline employees of color?

DEI task forces are cross-functional organizational committees that support the advancement diversity, equity, and inclusion and link these efforts to business goals. Their work parallels and complements the work of DEI leaders. DEI task forces create accountability systems to track results and communicate these to the rest of the organization. These committees create lines of communication between different levels of leadership, and can be useful channels for sharing feedback and raising concerns from employees. Additionally, since they are composed of members from different roles and function, they can be useful platforms for testing and refining new initiatives.

### Tips for Implementation

- ✓ Ensure that DEI task forces include **senior and corporate leadership** and have the resources to support innovative diversity, equity, and inclusion efforts that meet the unique needs of the company.
- ✓ Use DEI task forces as **mechanisms for gathering input from employees** and from different levels of leadership to track progress, and to identify what is and isn't working.
- ✓ **Empower task forces with decision-making power** to prioritize strategic initiatives and to make changes as needed to ensure that diversity, equity, and inclusion efforts are successful.

### Practice in Action

- **FedEx** has an Inclusion Leadership Council (ILC) that works to infuse the company's diversity and inclusion strategies into every part of the business. These strategies include having a people-first philosophy, building a diverse leader pipeline, and institutionalizing diversity and inclusion.<sup>112</sup>
- **Inditex's Zara USA** established its first Diversity Committee in 2017, made up of corporate employees who are champions for diversity and inclusion. This committee meets once a quarter to develop and implement various projects aimed at increasing diversity within Zara.<sup>113</sup>
- **Best Buy** has several Diversity and Inclusion Steering Committees (DISCs). DISCs are cross-functional groups of leaders within a territory or business unit. Members drive work related to attracting and investing in top talent and fostering an inclusive workplace.<sup>114</sup>
- **Hilton's** CEO, Chris Nassetta, chairs the Hilton Executive Inclusion Council (EIC). This council is made up of the company's most senior leaders and provides oversight of its diversity and inclusion programs and initiatives.<sup>115</sup>

### Resources for Further Learning

- [Diversity and Inclusion Councils](#), Diversity Best Practices
- [Why Firms Need Diversity Managers and Task Forces](#), Frank Dobbin and Alexandra Kalev

[Back to main report](#)

# DEI EVALUATION OF MANAGERS

## What is it and why does it matter for the advancement of frontline employees of color?

Collecting information about managers' DEI-related performance and including it in their regular performance evaluations is a useful mechanism for tracking continued progress against DEI goals. Local or middle-managers' buy-in and accountability is essential for carrying out equity and inclusion work, as they often serve as the first point of contact and are closest to observing and assessing frontline employee of color performance and play critical role in their advancement.

## Tips for Implementation

- ✓ Use evaluation metrics to **create open conversations about managers' performance** on diversity, equity, and inclusion goals. Provide resources, tools, coaching, and opportunities for learning so managers can continue to build skills and knowledge about diversity, equity, and inclusion.
- ✓ Include metrics around **employee sentiment, sense of belonging, workplace satisfaction, engagement, retention, coaching, and promotion** rates. These metrics can be tied to other diversity, equity, and inclusion efforts, such as mentorship programs or participation in ERGs, that can create different learning opportunities, as well as are embedded in the day-to-day expectations for managers.
- ✓ Establish **ongoing evaluation inputs**. These do not always have to be resource-intensive formal mechanisms. For example, quarterly pulse surveys or employee engagement surveys that help surface issue areas or bright spots in managers' performance can be useful tools for gathering input.

## Practice in Action

- **Hilton** leaders are held accountable through organizational objectives that measure their performance against the company's diversity goals. The company monitors feedback directly provided by team members on leaders' diversity focus.<sup>116</sup>
- **Best Buy** began evaluating leaders using its leadership expectations program, which sets the expectation that managers are to exemplify company values, develop the organization in a diverse way, set expectations/direction, and drive results.<sup>117</sup>

## Resources for Further Learning

- [Diversity Accountability Requires More Than Numbers](#), SHRM
- [It's Performance Management Season: Time for Some Inclusion Nudges](#), Diversity Best Practices

[Back to main report](#)

# EMPLOYEE RESOURCE GROUPS

## What are they and why do they matter for the advancement of frontline employees of color?

Employee Resource Groups (ERGs) are voluntary, employee-led groups that foster diverse, inclusive workplaces aligned with organizational mission, values, goals, business practices, and objectives. These groups can be organized around similar interests (e.g., hobbies, geography) or backgrounds (e.g., race, ability, gender). For many employees, ERGs can be important spaces in which they form connections, cultivate organizational culture, increase their sense of inclusion, and drive increased employee engagement. As such, these groups are important vehicles for sharing feedback and recommendations to decision-makers about diversity, equity, and inclusion practices and policies and can be used to advance business priorities.

### Tips for Implementation

- ✓ Ensure that **employees are aware of ERGs** and encourage both new and incumbent employees to participate.
- ✓ Provide **appropriate resources and tie ERGs to business goals and strategies** through clear communication lines so that employees participating in ERGs are empowered to identify and address problems and share them with leaders within the organization.

### Practice in Action

- At **Home Depot**, over 60 percent of store associates belong to an Associate Resource Group (ARG). Home Depot's ARGs provide associates with professional development and community outreach opportunities and also raise awareness about certain programs and initiatives within the company.<sup>118</sup>
- **Dollar General's** ERGs provide information and education that helps Dollar General foster a more diverse and inclusive work environment. These groups focus on opportunities to satisfy customer needs and provide a stronger tie to the communities in which Dollar General operates.<sup>119</sup>
- **Hilton's** Team Member Resource Groups are all sponsored by an executive committee member and a Hilton leadership advocate. The groups help foster an inclusive and innovative business culture, promote professional growth through networking and development, and provide market insights. Membership has increased by 492 percent since 2012.<sup>120</sup>

### Resources for Further Learning

- [Why employee resource groups still matter](#), Bloomberg
- [Are you engaged at work? The importance of friendship and Employee Resource Groups](#), *Forbes*
- [5 kickass Employee Resource Groups That Erive Engagement](#), Bluleadz

[Back to main report](#)

# ONGOING DEI TRAININGS

## What are they and why do they matter for the advancement of frontline employees of color?

DEI trainings provide opportunities for employees to learn about and discuss topics related to diversity, implicit bias, and practices for improving workplace culture. These trainings help build baseline capacity and understanding about diversity, equity, and inclusion for all employees across an organization. They can help individuals understand how racial issues may lead to disparate negative experiences and outcomes for employees of color and begin discussions about how to address and change those experiences.

## Tips for Implementation

- ✓ Focus trainings on **understanding the different histories, contexts, and experiences that diverse individuals bring, identification of unconscious and implicit biases, and the benefits of eliminating workplace racism** rather than on compliance.
- ✓ Position participation as a way for **individuals to build their capacity to be DEI champions**, instead of simply as a mandatory training. These trainings should be ongoing and focus on skills-building that gives employees practical tools and resources (i.e., bias interrupters).

## Practice in Action

- **Nike** gives its teams live unconscious bias awareness trainings and has a new digital training available to all employees in more than 30 languages. The training aims to build awareness of where bias may occur, create meaningful discussion, and suggest ways to mitigate the potential for bias. It focuses on everyday scenarios and looks at moments that matter such as decision-making, hiring, and developing relationships.<sup>121</sup>
- **McDonald's** has created an education portfolio called "Food for Thought: Beyond Bias." The objective is to allow employees to become more aware of their ability to create a positive experience for customers and to develop meaningful relationships with colleagues that inspire the higher levels of engagement needed for business growth.<sup>122</sup>
- **Starbucks** shut down its 8,000 stores to conduct a full-day implicit bias training in 2018. After the training, 82 percent of managers and 83 percent of hourly partners said that they understood what implicit bias was, up from 64 percent and 67 percent, respectively, before the trainings. Understanding that a single training is not enough to eradicate implicit bias, Starbucks rolled out another training program in the months after the company-wide training, and released a set of eight modules in January 2019 for all employees to complete throughout the year.<sup>123</sup>

## Resources for Further Learning

- [Taking Steps to Eliminate Racism in the Workplace](#), SHRM
- [5 Things We Learned About Creating A Successful Workplace Diversity Program](#), *Harvard Business Review*
- [Two types of diversity training that really work](#), *Harvard Business Review*

[Back to main report](#)

# CHILDCARE SUBSIDIES OR VOUCHERS

## What are they and why do they matter for the advancement of frontline employees of color?

Quality, consistent, and affordable childcare is critical to employees' successful participation in the workforce. Volatile schedules create significant childcare obstacles for working parents. For example, among early career parents with hourly roles who have children under 12, nearly 70 percent of mothers and 80 percent of fathers see their hours fluctuate by up to 40 percent.<sup>124</sup> While leading employers provide benefits for childcare for employees at headquarters, few offer this benefit to frontline employees, who may disproportionately benefit from these resources. For frontline employees of color and especially women of color, this benefit could provide an even stronger positive impact, as they are often sole heads of household who are responsible for juggling life and work responsibilities. Childcare vouchers or subsidies are two types of benefits that allow employees to use an employer-provided childcare service to pay for some or all of the cost of childcare during work hours.

### Tips for Implementation

- ✓ **Engage with frontline employees to understand** what childcare needs they might have and what resources for obtaining support would be most helpful as new programs are piloted. Communicate these benefits widely so that employees are aware of and can utilize them.
- ✓ Ensure that **childcare vouchers or subsidies are unrestricted** or give the working parents the flexibility they need to be able to use them.
- ✓ **Partner with local organizations** focused on childcare or in supporting parents and families. These partnerships can serve as additional resources and services for employees.

### Practice in Action

- **Best Buy** employees at nearly 1,000 U.S. stores and distribution centers, as well as corporate headquarters, have access to 10 days of subsidized childcare each year through a Best Buy partnership with Care.com. The benefit covers up to 10 hours per day of childcare at a day-care center or at an employee's home. For the employee, the only fee is a \$10-a-day copay.<sup>125</sup>
- **Gap's** U.S. full- and part-time employees have online access to child-, elder- and pet-care resources. Full-time U.S. employees also benefit from back-up childcare and priority access to nationwide childcare centers.<sup>126</sup>

### Resources for Further Learning

- [5 Things You Need to Know About Child Care Costs and the Workplace](#), Care.com
- [How Some Companies Are Making Child Care Less Stressful for Their Employees](#), *Harvard Business Review*
- [Meet the Best Buy employee who inspired the company's new child-care benefit](#), *The Washington Post*

[Back to main report](#)



# COMPETITIVE AND EQUITABLE PAY

## What is it and why does it matter for the advancement of frontline employees of color?

People of color, in particular Black and Latinx employees, are paid significantly less than White employees, and the racial wage gap has persisted and grown in the last decade.<sup>127</sup> Latinx and Black people make 12.3 percent and 16.2 percent less than their White counterparts, respectively.<sup>128</sup> Controlling for education, age, gender, and region, the Black-White wage gap has increased between 2000 and 2018. Nevertheless, race is almost always invisible in discussions of the gender pay gap.<sup>129</sup> Ensuring equitable and competitive pay can actively reduce gaps that lead to decreased stability and opportunity for advancement of people of color. While equitable and competitive wages might seem to be a significant cost to employers, those implementing this practice have seen improved levels of productivity, better customer service, enhanced employer brand, and even reduced turnover—all clear and meaningful returns on the employer’s investment.

## Tips for Implementation

- ✓ Establish a **team with the capacity to lead pay audits**—critical members of the team should include HR personnel, finance or payroll personnel, and legal counsel.
- ✓ **Conduct an [equity pay analysis](#)** to elevate any disparities in pay for employees across a variety of identity factors, including race, gender, ability, or geography (as well as any other identity factor that is represented in your workforce). Regularly revisit data and review compensation practices and modify as needed.
- ✓ **Share data back to the organization** in a way that non-HR functions and leaders can understand.
- ✓ Explore whether there are **additional systemic biases** (e.g., compensation process, negotiation, calibration process) related to pay equity and take corrective actions to remediate them.

## Practice in Action

- **Nordstrom’s** pay and benefits have been called “unparalleled in the industry.” In 2011, the average hourly salary for a retail salesperson was \$12; it was over \$19 at Nordstrom. When including commission, some salespeople could make more than \$200,000 per year.<sup>130</sup>
- **Inditex** executed its first employee profit-sharing plan in 2015 and 2016. Because of exceptionally high results in those years, Inditex was able to share out more than 79 million euros among more than 84,000 people in 50 countries.<sup>131</sup>
- **Costco** pays its employees an average of \$20 an hour, well above the national average for retail sales employees. Wages and benefits are a critical part of Costco’s investment in their employees, and comprise over 60 percent of their total company-wide costs.<sup>132</sup>

## Resources for Further Learning

- [Follow These 7 Steps to an Effective Pay-Equity Audit](#), Human Resource Executive
- [How Companies Committed to Inclusion Should be Measuring Pay](#), Medium
- [Why “Good Jobs” Are Good for Retailers](#), *Harvard Business Review*
- [The High Cost of Low Wages](#), *Harvard Business Review*
- [What a \\$15 Minimum Wage Means for Women and Workers of Color](#), National Employment Law Project

# EMPLOYEE ASSISTANCE PROGRAMS (EAPs)

## What are they and why do they matter for the advancement of frontline employees of color?

Studies have shown that employees in the retail industry have higher levels of mental health disorders.<sup>133</sup> Frontline employees of color are worse off because they experience race-related stressors through everyday discrimination and institutional racism, resulting in chronic stress that has dramatic effects on a biological level.<sup>134</sup> In addition, due to stigma and historical distrust, Black and Latinx communities are less likely to access mental health treatments.<sup>135</sup> Companies have used work-based EAPs to connect employees to external resources to access to healthcare services; short-term counseling; support with stress, grief, or family problems; and referrals for housing and childcare. EAPs—which are confidential and often free—can help employees navigate tough situations, high levels of stress and anxiety, and other instability factors that negatively affect their work performance. Today, more than 97 percent of companies with more than 5,000 employees offer EAPs, yet fewer than 7 percent of employees utilize them, because of factors including stigma, lack of awareness, or lack of support in navigating the program.

### Tips for Implementation

- ✓ Ensure that **availability of and access to EAPs is shared across the organization** and with all employees, and regularly assess the utilization rates, particularly by employees of color.
- ✓ **Encourage managers to share** information about EAPs directly with employees. Communicate that utilization of EAPs is expected and accepted (in order to reduce the stigma associated with them), and that it contributes to the overall wellbeing and success of the workforce.

### Practice in Action

- **Lowe's** – My Life Track is a 100 percent employer-paid program available to all seasonal, temporary, part-time, and full-time Lowe's employees in the United States. My Life Track is a comprehensive, highly confidential program that offers help and information on everything from health, legal, and financial services to childcare, tobacco cessation, and lifestyle management.<sup>136</sup>
- **Best Buy** – Best Buy's Life Solutions program covers all U.S. employees and their families and provides free 24/7 support and resources related to mental health, financial planning, substance abuse, and legal counsel.<sup>137</sup>

### Resources for Further Learning

- [An Employer's Guide to Employee Assistance Programs](#), Center for Prevention and Health Services
- [The Business Benefit of Employee Assistance Programs](#), Workforce

[Back to main report](#)

# EMPLOYEE HARDSHIP FUNDS

## What are they and why do they matter for the advancement of frontline employees of color?

Employee hardship funds are funds set up by a company to which employees and the company contribute and that serve as a resource and safety net for employees in times of need. Financial insecurity is one of the most common challenges facing working families.<sup>138</sup> Less than half of families report being able to afford an emergency expense, and over 60 percent experience at least one financial shock—over half of which led to subsequent financial struggles and long-lasting consequences. These events can have a significant impact on an employee's performance and even their ability to retain their job. Bolstering social safety nets for employees has business benefits, too—funds can help with talent recruitment, build loyalty and community within a workplace, and allow employees to build financial health, helping to decrease financial distractions and enabling them to give their best at work.

### Tips for Implementation

- ✓ Ensure that **all employees are aware of the fund and that utilization is not stigmatized**. Make the fund part of the culture of the organization, and clearly communicate opportunities to contribute and benefit from the resource.
- ✓ Consider the **needs of the workforce and design processes and rules that are flexible, efficient**, and allow employees to access the resources when they need them. Limit the creation of back office paperwork.
- ✓ **Protect employees' privacy and dignity**, create clear communications that foster trust and confidence, and limit the additional burden placed on employees (who are already under stress) seeking help.

### Practice in Action

- **Home Depot's** founders created the Homer Fund in 1999 to support employees in times of need. The fund receives donations from over 93 percent of current company employees. The Fund provides direct grants that cover basic living expenses as well as matching grants, through which employees can pool together funds to support a colleague. The Fund's fundraising campaigns are highly publicized across the organization and having the fund has helped create a culture of solidarity at Home Depot.<sup>139</sup>
- **CVS Health's** Employee Relief Fund is a public charity that helps CVS Health employees during unanticipated and unavoidable financial hardships and emergencies, including impacts caused by natural disasters, personal losses, or health emergencies.<sup>140</sup>

### Resources for Further Learning

- [Illuminating a Hidden Safety Net: Lessons from Research into Employee Hardship Funds](#), Aspen Institute

[Back to main report](#)

# HEALTH INSURANCE FOR ALL PART-TIME EMPLOYEES

## What is it and why does it matter for the advancement of frontline employees of color?

Part-time employees are three times less likely to have health care coverage through their employers, despite the increase of part-time work within the service and low-wage sectors. Since Black and Latinx employees are concentrated in low-wage and low-earning industries, they are less likely to be eligible for employer benefits than their White peers, and are even less likely to have employer-sponsored health insurance when they are part-time.<sup>141</sup> Studies have shown that Latinx employees are less likely than other racial groups to remain uninsured.<sup>142</sup> Other research has found that the median wealth of Latinx employees would increase 71 percent and the wealth of Black employees would increase 23 percent if employer-based health coverage were accessible.<sup>143</sup> Providing employer-sponsored health insurance for part-time employees (who are not already covered by the Affordable Care Act's insurance requirement) is an equalizing benefit that enhances part-time employees' stability and contributes to their financial well-being.

## Tips for Implementation

- ✓ Consult and consider the **unique needs and preferences of your part-time workforce** and identify ways to integrate those into health plan options (e.g., flexibility in choosing providers, offering Health Savings Accounts) to ensure maximum accessibility and utilization of the benefit.
- ✓ **Communicate the options** part-time employees have for health insurance and analyze utilization data to ensure that employees of color are utilizing this benefit at the same rates as other groups of part-time employees.

## Practice in Action

- **Nordstrom's** part-time employees receive health insurance, a 401(k), and life, disability, and accidental death insurance and did so even before legislation required healthcare coverage for employees working less than full time.<sup>144</sup>
- **Costco's** part-time employees who work more than 24 hours per week and have worked for 180 days are eligible for the Choice Plus health plan, which gives employees the flexibility to choose their own providers. Costco also provides access to low-cost dental plans and basic vision coverage, as well as discounts for prescriptions at Costco pharmacies.<sup>145</sup>
- **Lowe's** part-time employees who have worked more than 89 hours are eligible for a health plan that covers 100 percent of the cost for all preventative care and up to four primary care visits a year. The plan comes without a deductible and with options for individual employees or families; additional options for vision and dental care are also available.<sup>146</sup>

## Resources for Further Learning

- [Not Only Unequal Paychecks: Occupational Segregation, Benefits and the Racial Wealth Gap](#), Institute on Assets and Social Policy and The Workers Lab
- [Health Care and the Competitive Advantage of Racial Equity](#), FSG and PolicyLink

[Back to main report](#)

# TRANSPORTATION ASSISTANCE

## What is it and why does it matter for the advancement of frontline employees of color?

Research has found that employees of color often face longer commutes than their White counterparts, due in part to the ways in which segregation in urban areas has continued to concentrate communities of color in areas farther away from job opportunities. Due to biases in lending, low-income families also often pay more to own cars. Without easy and accessible transportation, employees of color are effectively kept from job opportunities and from new job growth. Employers can bridge this gap through subsidized transit passes, dedicated bus services, or commuting stipends.

## Tips for Implementation

- ✓ Offer **flexible transit passes/commuting stipends** that allow employees to use different types of public transport (if available) to get to work. If transit passes are subsidized, ensure that employees can use pre-tax funds to pay for them.
- ✓ Offer **innovative alternatives to public transportation**, such as ride sharing, vanpools, or biking programs through which employees can rent or ride bicycles to get to work and have safe storage options. This could yield other benefits such as increasing employees' physical activity, which can improve overall health and wellbeing.
- ✓ Advocate for and **work with community partners** to support public transit development in local communities.

## Practice in Action

- **REI** covers 50 percent of public transit costs for employees who opt to use it to get to and from work. In addition, almost every REI location has bike lockers, towels, showers, and storage to help those who bike to work.<sup>147</sup>
- **Hyatt** offers a significant pre-tax credit benefit program to employees that helps improve quality of life and support work-life challenges. It recently rolled out a bike-to-work program with funding through a NYC Commute Enhancement Grant and encouraged employees to ride bikes by offering gift card prizes for equipment.<sup>148</sup>

## Resources for Further Learning

- [Getting to Work: Transportation Policy and Access to Job Opportunities](#), The Leadership Conference Education Fund
- [It's About Time: The Transit Time Penalty and Its Racial Implications](#), Popular Democracy
- [To Move Is To Thrive: Public Transit and Economic Opportunity for People of Color](#), Demos

[Back to main report](#)

# PAID SICK LEAVE

## What is it and why does it matter for the advancement of frontline employees of color?

Less than 10 percent of employees in low-wage sectors such as retail or food service have access to paid family and medical leave. That means over 40 million employees don't have a single paid sick day to recover from common short-term illnesses or care for ill family members.<sup>149</sup> Recent studies have shown that people of color, particularly Latinx employees, have less access to and utilization of paid sick leave benefits.<sup>150</sup> When employees get sick they face a choice between staying home, losing pay or risking job loss, or going to work ill. Employees of color and those in low-wage jobs often cannot afford to prioritize their health and wellbeing, and will instead opt to go to work ill and unable to perform at their full potential (also exposing their colleagues and customers to their illness). When employees do not have access to paid sick days, their health suffers and business suffers. Providing paid sick leave benefits signals to employees that their employer cares about their wellbeing, and in return businesses benefit from a more healthy, committed, and productive workforce.

## Tips for Implementation

- ✓ Communicate and publicize the benefit with all employees and **equip managers with tools and resources to encourage employees to utilize the benefit**, as well as manage business demands when employees take sick leave.

## Practice in Action

- **Gap** – U.S. employees can take extended time off from work to manage the demands of their family and personal lives. They can also temporarily reduce their work hours before, during, or after leave time off.<sup>151</sup>
- **H&M's** full-time employees start with up to three weeks of paid vacation per year, with the opportunity to earn up to five weeks' vacation, plus seven paid sick days, six paid holidays, and their birthdays off.<sup>152</sup>
- **In California**, which has had a state paid leave program for more than a decade, 83 percent of employees in low-wage jobs who took paid sick leave returned to their previous employer—a 10 point difference compared to employees who did not use the program. Eighty-seven percent of businesses had no increased costs as a result of the program and nine percent indicated that the program had generated cost savings for their businesses by reducing employee turnover and/or reducing their own benefit costs.<sup>153</sup>

## Resources for Further Learning

- [Paid Sick Days are Good for Business](#), National Partnership for Women and Families
- [Employers who don't offer paid sick leave are making flu season worse and hurting their bottom line](#), *The Washington Post*

[Back to main report](#)

# PAID PARENTAL LEAVE

## What is it and why does it matter for the advancement of frontline employees of color?

Paid parental and family leave supports the transition of new parents into parenthood and gives employees the flexibility to attend to new family and life responsibilities while continuing to earn pay. Paid family leave programs can improve racial equity in the labor force, help businesses increase and maintain diversity, and support wealth building for families. Studies have found that new mothers who take paid leave are more likely than mothers who do not take any leave to be working again 9 to 12 months after childbirth, and first-time mothers who take paid leave are more likely than those who take unpaid leave or no leave to return to the same employer. Despite these benefits, not everyone has access to paid parental and family leave. Women of color working at the frontline are especially likely to lack this coverage, largely due to structural issues like the racial wage gap, racial discrimination in recruiting and hiring, and limited access to economic supports.<sup>154</sup> One study found that 62 percent of Black adults and 73 percent of Latinx adults are either ineligible for or cannot afford to take unpaid leave, compared to 60 percent of White adults. Further, only six percent of low-wage earners have access to paid family leave.<sup>155</sup> Providing inclusive paid parental and family leave, with the needs of people and women of color at the forefront, to all employees through inclusive policies can help employees of color maintain and grow in their jobs, and help businesses support thriving and productive workforces.

## Tips for Implementation

- ✓ Ensure that **paid sick leave is compensated at 100 percent of the employees' wages**—partially paid time off may disincentivize employees from taking leave when they are ill and can limit the positive health and business impact this benefit can create.
- ✓ Be inclusive of leave policies by **allowing flexibility in how employees utilize the leave policy**—e.g., to provide care to a relative, medical leave, time to spend with a newborn or newly arrived child—and that gives employees adequate time to attend to their needs and be able to return to work.

## Practice in Action

- **SweetGreen**, a D.C.-based salad shop, expanded their paid parental leave to offer mothers, fathers, adoptive parents, foster parents, and others five months of fully paid leave. The expansion of their policy marks a significant shift in the sector, as few other companies offer this benefit to employees.<sup>156</sup>
- **Target** announced an expansion of their family leave for 350,000 employees at its stores, warehouses, and headquarters office. The policy will extend to all employees, regardless of whether they are hourly or salaried employees, including for those who work part-time. The policy offers up to four weeks of paid time off to care for a newborn or a sick family member, and new moms get an additional six to eight weeks of paid maternity leave.<sup>157</sup>

## Resources for Further Learning

- [Paid Family and Medical Leave: A Racial Justice Issue – and Opportunity](#), National Partnership for Women and Families
- [Every Employee Should Have Access to Paid Parental Leave](#), *Harvard Business Review*
- [Paid Family Leave: Messages that Resonate](#), Paid Leave for the United States

[Back to main report](#)

# MINIMUM HOUR GUARANTEES

## What are they and why do they matter for the advancement of frontline employees of color?

Under guaranteed minimum hour policies, employers guarantee that employees will receive no less than a set number of hours each week at their usual rate of pay. An employee may receive more hours than guaranteed. Under some versions of these policies, if an employer is unable to provide the requisite number of hours, the employee is still paid as if they had worked the agreed minimum number of hours.<sup>158</sup> Employees of color are more likely to be under-employed and face higher levels of part-time employment despite wanting full-time positions. Setting minimum requirements allows employees to earn living wages that make ends meet, even when the scheduling needs of the business do not afford them the necessary hours or shifts.

## Tips for Implementation

- ✓ **Provide tools and live support** to managers navigating scheduling and workflow needs and empower managers to make decisions about employee shifts that work for employees while meeting business demands.

## Practice in Action

- **Costco** employees receive their hours at least two weeks in advance. Full-time employees are guaranteed 38 hours per week and part-time employees are guaranteed 24 core hours each week. Rather than forcing employees to leave early, the company will ask for volunteers to go home—if no one volunteers, no one gets sent home. Costco also invests significantly in their employees (compensation and benefits are over 60 percent of their costs) and has one of the lowest turnover rates and subsequent costs in the retail industry.<sup>159</sup>

## Resources for Further Learning

- [Tackling Unstable and Unpredictable Work Schedules: A Policy Brief on Guaranteed Minimum Hours and Reporting Pay Policies](#), Center for Law and Social Policy

[Back to main report](#)



# PREDICTABLE AND FLEXIBLE SCHEDULING

## What is it and why does it matter for the advancement of frontline employees of color?

Improved scheduling practices that provide both flexibility and greater notice to employees about when they are expected to work can lead to benefits for both businesses and employees. Stable work schedules offer more consistency and predictability, which is especially valuable for employees of color who report more instability and less input in their scheduling.<sup>160</sup> Creating scheduling and role configurations—such as having policies that allow for **switching part-/full-time or management positions that are not full time** (less than 40 hours)—can help meet employees’ needs, reduce obstacles to their professional development, and keep opportunities for advancement on the table as they navigate other life responsibilities. These practices can also lead to real business benefits—a recent study showed that stable scheduling significantly increased in-store labor productivity by five percent. Stable and flexible schedules decrease costs to employers from absenteeism, turnover, low productivity, and unsatisfactory customer service.

## Tips for Implementation

- ✓ Offer **flexible job configurations and scheduling options** (see “shift swapping”) that are easily accessible to all employees (i.e., through online or mobile platforms).
- ✓ Analyze the **root causes of scheduling needs and instability** (e.g., inaccuracies in shipments, visits by corporate leaders) and try first to address those directly through other mechanisms. Then assess how scheduling practices need to be refined to drive stability for the store operations.

## Practice in Action

- **Abercrombie & Fitch** announced in August 2015 that it would end its practice of “on-call shifts.” Instead, Abercrombie said that its store employees would receive schedules a week in advance. Employees can choose to receive email alerts about unexpected scheduling needs, but will not be under obligation to accept any changes.<sup>161</sup>
- **Macy’s** uses an electronic scheduling system that offers its associates the opportunity to choose their own schedules within certain parameters. Over the last few years, the company has worked to make full schedules available to employees as early as possible and up to six weeks in advance over the holiday season.<sup>162</sup>

## Resources for Further Learning

- [Why Fair Job Scheduling for Low-Wage Workers is Racial Justice Issue](#), Center for Law and Social Policy
- [Stable Scheduling Increases Productivity and Sales: the Stable Scheduling Study](#), Center for Worklife Law
- [Schedule Unpredictability Among Hourly Workers](#), University of Chicago
- [Innovative Workplace Flexibility Options for Hourly Workers](#), Corporate Voices for Working Families

[Back to main report](#)

# SHIFT SWAPPING

## What is it and why does it matter for the advancement of frontline employees of color?

Shift swapping gives frontline employees more control over their schedule. Last-minute scheduling makes it hard for employees to navigate life and family responsibilities such as childcare or tending to a relative who is ill. Inconsistent shifts challenge those who rely on public transportation or alternative modes of transportation to and from work; for employees of color, who often face longer commutes to work, this is even further exacerbated. Retaining flexibility over scheduling helps not only the employee, but also the business. In one survey, managers reported that 65 percent of their sales associates quit due to ongoing scheduling conflicts.<sup>163</sup> Shift swapping gives employees the ability to accommodate their schedule without sacrificing their earnings and therefore creating more stress or undermining their health and well-being.

## Tips for Implementation

- ✓ **Engage managers and frontline employees before and in the process** of developing flexible shift swapping policies that work to meet the needs of each store as well as the needs of the employees.
- ✓ **Utilize technological solutions** (e.g., app-based scheduling programs) that are easy for employees to navigate and can be easily integrated into trainings and everyday use.

## Practice in Action

- **Gap** collaborated with researchers at the Center for Worklife Law to understand the benefits of using shift-swapping software to manage scheduling needs at Gap stores. They found that across all stores piloting the smart-phone app for swapping shifts, most of the shifts that needed coverage were picked up, 95 percent of employees agreed that the app helped make their work schedule fit their needs, managers reported saving 10 hours a week, and sales rose 7 percent.<sup>164</sup>

## Resources for Further Learning

- [How the Gap Used an App To Give Workers More Control Over Their Schedules](#), *Harvard Business Review*

[Back to main report](#)

# CROSS-TRAINING

## What is it and why does it matter for the advancement of frontline employees of color?

Cross-training is a common strategy for training employees to perform jobs or tasks beyond those required for their primary role. Many employers already deploy cross-training as a cost-saving measure (e.g., to reduce productivity losses due to scheduling gaps). But few do it as a mechanism for re- and upskilling their incumbent employees or with employees of color in mind. Research shows that when employees of color are cross-trained they have access to different roles and exposure to a wider set of managers. Building a network of managers enables them to better position themselves for advancement. As automation and technology are increasingly integrated into the workplace, giving employees of color—who are most likely to be displaced due to automation—opportunities to develop a wide range of skills across different functions and roles better prepares them for post-automation jobs.

## Tips for Implementation

- ✓ Ensure that **employees of color are getting equal opportunities for cross-training by making cross-training efforts part of managers DEI evaluation** (e.g., how many employees of color were cross-trained and coached by an individual manager?).
- ✓ Consider linking **cross-training programs to mentorship and sponsorship relationships** as well as clear career pathway supports to give employees of color more connections and access to leaders and managers who can support their advancement and skills building.

## Practice in Action

- **Costco** cross-trains its employees to handle many positions: employees manage cash registers, stock shelves, rearrange the store, develop promotions, and even lead and manage entire teams. Cross-training builds skills, supports flexible scheduling, and allows employees to cover for each other across job functions.<sup>165</sup>
- **Goodwill's** frontline employees in San Diego County have opportunities to train in different roles across Goodwill stores, from processing donations to working the cash register. Cross-training teaches ambassadors to understand different parts of the business and positions them to suggest process improvements and collaborate across teams. Additionally, allowing employees to perform varied work helps keep them challenged and engaged and prepares them to grow into new roles. It also gives managers greater flexibility in how they deploy their employees, supporting more stable scheduling practices.<sup>166</sup>

## Resources for Further Learning

- [Cross-Training Employees](#), The Balance Careers
- [6 Major Benefits To Cross-Training Employees](#), EdgePoint
- [For Women and Minorities to Get Ahead, Managers Must Assign Work Fairly](#), *Harvard Business Review*

[Back to main report](#)

# RE- AND UPSKILLING

## What are they and why do they matter for the advancement of frontline employees of color?

Formal training programs that help employees meet the changing requirements of their jobs are an effective tool for employers to increase productivity and advance their frontline employees of color. Most employers make training programs available to their employees, yet few have insight into which portion of their frontline workforce takes advantage of them. Further, most employers provide onboarding training, but few offer subsequent formal training that addresses the future needs different jobs will require, particularly around technology. Employees of color are concentrated in entry-level roles and more likely to be negatively affected by shifts in technology and automation. They are also the least likely to receive training for their core jobs, and even fewer are invested in through re- and upskilling. By developing re- and upskilling programs that reach all employees, employers can hedge against future shifts in their workforce needs, save money on recruiting and onboarding, and ensure that their employees of color gain the skills they will need post-automation.

## Tips for Implementation

- ✓ Consider creating **flexible training delivery methods**—online, in-person, remote, or hybrid programs—and offering trainings in the **cultural and language format** that is most appropriate to your unique workforce. This ensures that employees of color have the same opportunities to participate and take advantage of these trainings as their White counterparts.
- ✓ Focus your training curricula on **building practical skills** that meet **future job requirements** and that are **transferable** within and across other sectors.
- ✓ Partner with **workforce development programs** to assess your labor needs and develop customized training programs that provide your business with highly-needed skills and increase your employees' prospects for employment and mobility.

## Practice in Action

- **Eat'n Park** developed trainings for upskilling on customer service that utilized digital technology and online curriculums combined with in-person learning opportunities. The program allowed employees to build a sense of community while refining key skills needed for their current roles. It also strengthened their understanding of what they would need to do to advance within the company or to advance in other work environments that emphasized customer service and experience.<sup>167</sup>

## Resources for Further Learning

- [Developing America's Frontline Workers](#), i4cp and UpSkill America
- [UpSkilling Playbook for Employers](#), UpSkill America
- [Upskilling the New American Workforce](#), National Skills Coalition
- [Making Work-Based Learning Work for Retail: A Guide for Retail Employers](#), Jobs For the Future

[Back to main report](#)

# RECRUITING EMPLOYEES OF COLOR TO PARTICIPATE IN MANAGEMENT TRAININGS

## What is it and why does it matter for the advancement of frontline employees of color?

Intentionally recruiting employees of color into formal skills development programs on core skills required for management positions (e.g., leadership, communication and public speaking, people management, coaching) is an effective way to foster their advancement. Research and surveys show that employees of color often are not as aware of or do not have the same access to professional development opportunities for advancement as their White peers.<sup>168</sup> Trainings that require current managers to invite or refer employees allow manager biases to limit advancement opportunities for employees of color, thus perpetuating racial inequities. Targeting recruitment efforts to employees of color can help counteract these systemic barriers to advancement.

## Tips for Implementation

- ✓ Consider holding trainings **on-site and during work hours** and offering them in **multiple languages** to make them accessible to diverse employees. Employees of color may not be able to attend trainings held outside of the workday (e.g., due to commute constraints, childcare commitments, second jobs, or educational pursuits) or might speak English as a second language.
- ✓ Encourage mentors, managers, and local office leaders to **communicate about and build awareness of these trainings** and to reach out to employees of color in particular to improve equitable access and participation.

## Practice in Action

- **Advance Auto Parts** has worked to specifically recruit minorities to its management trainings. As a result, representation of women and people of color in store leadership grew from 29 percent to 42 percent during 2017, the first full year of this training recruitment effort.<sup>169</sup>
- **Marriott's** Emerging Leader Program (ELP) is part of its broader strategy to increase the numbers of women and people of color in leading roles. More than 1,300 leaders have completed or are currently enrolled in the program since its inception in 2014; 36 percent of those have been people of color. Sixty percent of ELP participants have been promoted at least once.<sup>170</sup>

## Resources for Further Learning

- [10 Reasons Why Companies Should Invest More in Management Training](#), *Forbes*

[Back to main report](#)

# CLEAR CAREER PATHWAYS

## What are they and why do they matter for the advancement of frontline employees of color?

Publishing a transparent set of guidelines that outlines the promotion path for frontline employees to advance into management is a cost-free way to improve equitable outcomes for employees of color. Clear career pathways give employees an overview of what career growth looks like at their company, what is expected of them to advance, and how they can take ownership of their growth path. These pathways can also provide a framework for managers to support employees interested in advancement through more individualized coaching, skill development, and planning.

### Tips for Implementation

- ✓ Develop **career lattices**—clear pathways for employees to move vertically as well as laterally across or outside of the company.
- ✓ Establish **appropriate degree requirements** for specific positions (e.g., allowing for work experience to take the place of formal education in certain cases), **clear promotion policies, and application processes** (if relevant) that give everyone equitable access to advancement.
- ✓ Actively **communicate career pathways** to all employees and routinely assess how these are used to inform training and skill development opportunities as well as coaching and performance appraisal conversations.

### Practice in Action

- **Chipotle** has developed clear career paths with promotion possibilities and information about increased wages and benefits attached to each position. Employees are also eligible to receive more than \$15,000 in college funding for education related to managing supply chains and P&Ls. Because of these investments, 90 percent of Chipotle’s managers are promoted from within: in 2016, 11,000 crewmembers were promoted to managers.<sup>171</sup>
- **Nike** recently announced a new internal recruiting team solely dedicated to supporting current employees in their career journey at Nike. It coupled this with the launch of an internal website called Career Central, which serves as a central resource to help employees navigate their careers. The site equips employees with tips, tools, and in-person labs for their critical career-building moments. Managers can also find tools here to better support and guide their employees in planning their careers and development.<sup>172</sup>
- **Inditex** has developed its InTalent initiative, a tool that allows the company to communicate directly with its staff and discover their interests to help them define their next professional steps. InTalent identifies high-potential candidates and offers them an internal training and development program. Thanks to InTalent referrals, more than 1,600 employees participated in development and promotion programs in 2016.<sup>173</sup>

### Resources for Further Learning

- [The Power of Building Clear Career Paths for Your Employment](#), Schoox
- [The Motivational Value of Clear Career Paths](#), *Forbes*
- [Developing Employee Career Paths and Ladders](#), SHRM (paywall)

[Back to main report](#)

# EDUCATION/TUITION ASSISTANCE PROGRAMS

## What are they and why do they matter for the advancement of frontline employees of color?

Programs that support employees' efforts to obtain higher-level training or education can meaningfully aid their career advancement. Educational outcomes for people of color are lower than for their White counterparts; supporting higher education or skills development can help bridge that outcomes gap. And it is good for business: studies of tuition assistance programs (TAPs) at Cigna and Discover calculated a return on investment (ROI) of 129 percent and 144 percent, respectively. The high ROIs were due to higher rates of promotion, transfers, and retention (all of which lowered recruitment and training costs), and lower rates of absenteeism. Employees who participated in Cigna's and Discover's TAP programs achieved 43 percent and 41 percent higher incremental wage gains, respectively. Wage gains can have outsized effects on stability, advancement, and equitable outcomes for employees of color.<sup>174</sup>

## Tips for Implementation

- ✓ Routinely **assess the disaggregated utilization rates** of your tuition assistance programs to **identify, understand, and address any inequities** that may exist across groups of employees. For example, low-wage employees of color may not be able to take advantage of your tuition assistance program if there they need to pay a significant portion of tuition out of pocket or if you reimburse them for tuition payments rather than paying tuition directly.
- ✓ Have **flexible programs that give employees the opportunity to explore careers and educational opportunities** that may not be directly related to their current job but that will offer them future career opportunities within the organization and beyond.
- ✓ Ensure that your tuition assistance programs are **promoted widely across your company** and to all of your employees. Low or uneven levels of communication and promotion may lead to disparate usage rates. Research finds that most companies do not promote their education assistance programs and less than five percent of employees take advantage of them.<sup>175</sup>

## Practice in Action

- **Starbucks's** tuition assistance program covers the full cost of earning an online bachelor's degree, with a choice of more than 70 undergraduate degrees through Arizona State University for all employees who work at least 20 hours per week. Participants in the tuition assistance program have higher levels of retention and advancement than nonparticipants.<sup>176</sup>
- **Kroger** employees can receive an employee education benefit of up to \$3,500 annually (\$21,000 over the course of employment) toward continuing education and development opportunities. These opportunities include high school equivalency exams, professional certifications, and advanced degrees. As part of Kroger's Feed Your Future initiative, associates can take advantage of a new educational leave of absence that allows them to take time off work to focus on approved studies while maintaining their role and seniority at the company.<sup>177</sup>
- **Lowe's** Track to the Trades program is a scholarship program that provides an innovative career path and financial support for employees to pursue a career in a skilled trade or in an alternative field.<sup>178</sup>

## Resources for Further Learning

- [How Tuition Assistance is a Powerful Lever for Your Diversity Strategy](#), College for America
- [Education Benefits Present a Learning Opportunity](#), SHRM
- [Tuition Assistance Programs: The Secret Employee Benefit](#), *Forbes*

[Back to main report](#)

# FORMAL MENTORSHIP AND SPONSORSHIP

## What is it and why does it matter for the advancement of frontline employees of color?

Formal mentoring programs match participants (mentors and mentees) into mentorship and sponsorship relationships to support their professional and career growth. Studies have shown that mentorship and sponsorship are critical for advancement and are especially important for the career growth of employees of color. Yet, due to lack of representation of people of color in senior roles and biases that lead mentors or sponsors to select protégés who are similar to them, people of color are less likely to have these types of connections. Mentorship and sponsorship can help connect employees with new opportunities, cultivate relationships between employees that might not otherwise develop, and build inclusive and supportive workplace cultures.

## Tips for Implementation

- ✓ Empower your mentors to **advocate for their mentees in the face of resistance and skepticism from other leaders** who may not see their potential.
- ✓ Equip your mentors and mentees from **differing racial and cultural backgrounds to be able to discuss their differences** and any resulting impacts on their perceptions, behaviors, and decisions in order to build an authentic relationship.<sup>179</sup>
- ✓ **Incorporate mentorship into your employee resource groups** (ERGs), pairing frontline employees with leaders that belong to the same ERG and thus already have a shared experience or identity. This can accelerate trust-building between mentors and mentees and foster a sense of belonging.

## Practice in Action

- **Advance Auto Parts** has a mentorship and apprenticeship initiative designed to attract and support new technicians in the automotive service industry. The initiative identifies internal shop trainers and provides a structured on-the-job curriculum to improve technician knowledge and focus on productivity enhancements.<sup>180</sup>
- **Sodexo's** Spirit of Mentoring Initiative (IMPACT) is a formal, cross-divisional and cross-functional mentoring initiative focused on skill-building and forging connections between employees. Approximately 75 percent of mentor/mentee matches are cross-cultural (cross-race, cross-gender, or both), and 85 percent are connecting across business segments. The mentoring program focuses on breaking down siloes, engaging and retaining top talent, and advancing the careers of participants. Sodexo found that promotion rates for people of color who participated in the program were at least 10 percent higher than rates for those who did not.<sup>181</sup>

## Resources for Further Learning

- [Why Hasn't Mentoring Brought More Diversity to Senior Management?](#), *Fortune*
- [When Potential Mentors Are Mostly White and Male](#), *The Atlantic*
- [Diversity + Mentoring = Increased Inclusion in the Workplace](#), TwoMentor
- [The Sponsor Dividend](#), Center for Talent Innovation
- [Sodexo: IMPACT Mentoring Program](#), CEO Action

[Back to main report](#)



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- 2 "[Glossary for Understanding the Dismantling Structural Racism/Promoting Racial Equity Analysis](#)," Aspen Institute.
- 3 Sandra L. Colby and Jennifer M. Ortman, "[Projections of the Size and Composition of the U.S. Population: 2014 to 2060](#)," U.S. Census Bureau, May 2015.
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Note: Figures vary according to how "frontline employee" is defined. UpSkill America counts 24 million frontline employees in the U.S. The Urban Institute counts 12.6 million frontline *retail* employees, of which 38 percent are people of color. The 9 million frontline employees of color figure mentioned here is calculated assuming that the racial breakdown of all frontline employees mirrors that in the retail sector.
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- 10 Andrew Whalen, "[The True Story of the Flamin' Hot Cheetos Inventor Richard Montañez](#)," *Newsweek*, August 2019.
- 11 Sarab Kochhar, "[Nearly Half of American Millennials Say a Diverse and Inclusive Workplace Is an Important Factor in a Job Search](#)," Institute for Public Relations (blog), December 2017; Jon Gingerich, "[Millennial Employees More Likely to Recognize Workplace Discrimination](#)," December 2016; Camille Patrick and Ella Washington, "[3 Ways Millennials Can Advance Workplace Diversity and Inclusion](#)," Gallup.com.
- 12 [CEO Action for Diversity & Inclusion](#), PwC.
- 13 "[Invest, Recruit, Engage: Strategies to Leverage Retail's Diverse Talent Pool](#)," Diversity Best Practices, June 2018.
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