FSG REIMAGINING SOCIAL CHANGE

PolicyLink

Executive Summary

Advancing Frontline Employees of Color

Innovating for Competitive Advantage in America's Frontline Workforce

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About FSG

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.

As part of our nonprofit mission, FSG also directly supports learning communities, such as the Collective Impact Forum, Shared Value Initiative, and Talent Rewire to provide the tools and relationships that change agents need to be successful.

Learn more about FSG at **www.fsg.org.**

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.

Learn more about PolicyLink at **www.policylink.org.**

Walmart ✳

Employers of frontline talent face an unprecedented opportunity to advance racial equity as a source of competitive advantage. The United States is experiencing dramatic demographic shifts and its workforce is becoming increasingly racially diverse. Customers of color are a growing consumer base, with purchasing power that exceeds $3 trillion annually.[1] These trends, coupled with a growing social dialogue around issues of racism in America, are raising societal expectations for companies to address issues of racial equity.

Employers who intentionally find ways to advance the careers and enhance the experiences of their frontline employees of color—entry-level employees who engage closely with customers—are able to gain competitive advantage. Leading companies in this space, which include **Sodexo, Walmart, Starbucks,** and **Target**, are able to tap into the reservoir of talent, innovative ideas, and multicultural experience that employees of color bring to their businesses.

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

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1 The Making of a Multicultural Super Consumer, Nielsen, March 2015, https://www.nielsen.com/us/en/insights/news/2015/the-making-of-a-multicultural-super-consumer-.html.

Frontline employees of color face a range of structural and institutional barriers that limit their full potential to advance. These barriers are created in part by forces in society such as structural racism and discriminatory norms, and have also been re-enforced and created by employers themselves. Barriers to advancement for employees of color include corporate cultures that fail to recognize and value their experience and contributions; management and HR systems that perpetuate inequitable outcomes; and limited opportunities to grow in their careers. As a result, employees of color are consistently overrepresented in the lowest-level service positions on the frontline and underrepresented in management. Today, they are more likely to stay in the same entry-level position than their White counterparts.[2] Many employers have implemented diversity and inclusion efforts, but these have not been sufficient to improve experiences of and outcomes for frontline employees of color.

Companies that are successful in increasing racial equity go beyond traditional diversity and inclusion efforts by shifting their management and HR practices and transforming their company cultures. Based on interviews with companies, experts, and frontline employees of color; an extensive literature review; and a rigorous statistical analysis of the effects of HR practices on 2.6 million retail employees over 30 years, we identified 23 evidence-based practices for advancing racial equity across three strategic opportunity areas (see figure on following page).

Adopting these evidence-based practices is not intended to be a complete solution for fostering racial equity within a corporation, but they provide an important starting point to inform ongoing analysis, implementation, and learning. Today more than ever, employers have the opportunity to create business value by advancing racial equity and fostering working environments in which all people feel valued and can thrive.

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2   Laura Giuliano, David I. Levine, Jonathan Leonard, "Racial Bias in the Manager-Employee Relationship: An Analysis of Quits, Dismissals, and Promotions at a Large Retail Firm," Institute for Research in Labor and Employment (IRLE) Working Paper #178-09, March 2009, https://irle.berkeley.edu/files/2009/Racial-Bias-in-the-Manager-Employee-Relationship.pdf.

23 EVIDENCE-BASED PRACTICES TO ADVANCE RACIAL EQUITY

CULTURE

Build internal capacity for an inclusive, understanding, and adaptive culture that values the contributions of employees of color:

Accountability
- CEO commitment to racial equity
- Chief DEI leader
- DEI task forces
- DEI evaluation of managers

Learning
- Employee resource groups
- Ongoing DEI trainings

MANAGEMENT

Strengthen management and HR systems, policies, and practices to enable equitable outcomes for employees of color:

Stability Support
- Childcare subsidies or vouchers
- Competitive and equitable pay
- Employee Assistance Programs (EAPs)
- Employee hardship funds
- Health insurance for all part-time employees
- Transportation assistance

Leave
- Paid sick leave
- Paid parental leave

Scheduling
- Minimum hour guarantees
- Predictable and flexible scheduling
- Shift swapping

ADVANCEMENT

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

Training
- Cross-training
- Re- and upskilling
- Recruiting people of color to management trainings

Other Support
- Clear career pathways
- Education/tuition assistance programs
- Formal mentorship and sponsorship

Taking Action

Working toward greater racial equity within a company is an ongoing and iterative process that requires active commitment and changes in culture and practice. CEOs; HR professionals; diversity, equity and inclusion (DEI) leaders; and local managers all play critical roles in these efforts. To accelerate meaningful action and change, companies can take five practical steps:

1   **Develop a nuanced understanding of the internal and external factors** that have contributed to historical and present-day racial inequity.

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.

3   **Assess the company's current efforts** across the 23 evidence-based practices highlighted on page 3 to uncover and interrupt implicit institutional and individual biases affecting frontline employees of color.

4   **Pilot evidence-based practices**, paying close attention to whether they are meeting the needs of frontline employees of color.

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

This report provides practical, evidence-based practices and resources for executives, HR professionals, DEI leaders, and local managers seeking to tap into the competitive advantage of racial equity by advancing their frontline employees of color.

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.[3] 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.[4] 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 obtainment, 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 of the full report for a complete glossary of terms.

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3   Adapted by PolicyLink from The Aspen Institute Roundtable on Community Change tool, "Constructing a Racial Equity Theory of Change: A Practical Guide for Designing Strategies to Close Chronic Racial Outcome Gaps," September 2009.

4   "Glossary for Understanding the Dismantling Structural Racism/Promoting Racial Equity Analysis," Aspen Institute.

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