

# Advancing All Women

How women of color experience the workplace



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# Women of color and white women

## Same workplace but vastly different experiences

**T**he Network of Executive Women’s “The Female Leadership Crisis” report revealed a vast disparity between the way women and men experience the workplace. Despite making progress in hiring and promoting entry-level and middle-management women, senior executives and C-suite women are leaving companies at a much faster rate than their male peers.

In “Advancing All Women,” NEW offers insights into ways white women and women of color differ in their perception of and experiences at work. Participating companies range in size; employee base traits, including diversity of gender and ethnicity; and stage of diversity and inclusion journey. Hiring, promotion and exit data at the executive level reveal a number of companies hired or promoted no women of color during the study period. However, all companies hired and promoted white women during that time.

When asked about their employee experience, women of color report having less favorable experiences in key areas that influence their desire to stay with their company.

To reach their diversity and inclusion goals, companies must focus more closely on the retention and development of women of color. As Intel Chief Diversity and Inclusion Officer Barbara Whye said, “We can’t hire our way to diversity.”<sup>1</sup> But if companies improve on the employee experience of women of color, they can prevent diversity from walking out the door.

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# The cost of losing diverse talent

**W**hen an employee leaves, the cost of replacing that employee may equal as much as six to nine months of his or her salary.<sup>2</sup> An employer could easily spend \$125,000 or more to replace a woman executive whose salary is \$250,000, experts say. Costs associated with recruiting women of color are often higher, because searches often take longer when companies look for outside candidates.

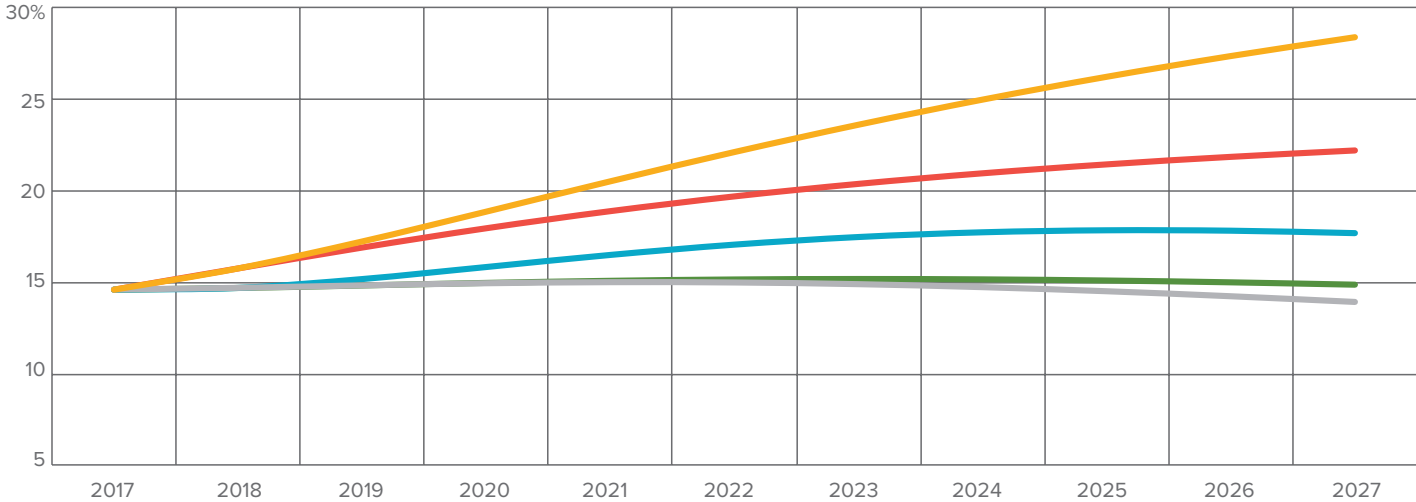
Despite significant investment and effort to attract women of color — and

the expense of losing a good employee when they leave — many consumer goods and retail companies are not bringing their “A” game to retention and development. As a result, women of color are not finding the workplace experience they hoped for, resulting in costly high turnover.

This trend leads to a disturbing scenario: While women of color are projected to comprise a majority of women by 2060,<sup>3</sup> without intervention, the already-low percentage of employees at surveyed companies who are women of color at the

## Projected percentage of women of color executives, with policy and culture changes

- Baseline scenario (i.e., no changes to flows)
- With adjusted hiring
- With adjusted promotions
- With adjusted turnover
- With simultaneous adjustments to all flows



Source: Mercer Internal Labor Market data from participating NEW partner companies.

**Addressing underlying issues that affect turnover will have the largest impact on increasing representation of women of color at the manager level and above.**



manager, senior manager and executive levels — 15 percent — is projected to decline over the next 10 years.

The good news: Women of color could hold one in four of those roles by 2027 if companies implement strategies that address hiring, promotion and turnover challenges that affect their workplace experiences.

Improving retention of women of color is a business imperative; companies with diverse leadership ranks are proven to realize better results. “Delivering through diversity,” a January 2018 report by McKinsey & Co., found organizations in the top quartile for executive team ethnic and cultural diversity were 33 percent more likely to experience above-average profitability than companies in the bottom quartile. Organizations in the top quartile for gender diversity had a 21 percent likelihood of outperformance.

However, companies that consider the careers of “all women” in their organization — and assume that all women’s workplace experiences, barriers to success and career trajectories are the same — marginalize the unique experiences and perspectives of women of color. Organizations like these do not benefit from diversity of thought and perpetuate the women of color achievement gap.

Corporate cultures that are not inclusive encourage “covering,” as women of color face conscious and unconscious biases against their gender, race and, for some, religion. Uncomfortable being authentic at work, women of color often feel pressure to hide aspects of their lives, leading to even greater workplace stress. In many cases, women of color also deal with additional cultural, community or religious demands that make work/life integration even tougher than it is for white women.

# Heading for the exits

**H**iring, promotion and exit data from participating companies reveal workplace culture, job satisfaction and career paths are not aligned with what women of color expect. In some companies, no Asian, Black or Hispanic women were hired or promoted into the executive level during the 12 months studied.

At the manager level, companies hired and promoted women of color at higher rates than white women. However, they are still leaving at accelerated rates.

At the professional and technician level, women of color were hired at a higher rate than white women, but promoted at a lower one. Not surprisingly, they left their companies at higher rates than their white women peers.


Segment	Hiring rate	Promotion rate	Exit rate	
Executives and senior managers	White women	1% - 8%	0.2% - 24.7%	4.2% - 36%
	Women of color	0% - 13%	0% - 26.3%	0% - 33.3%
Managers	White women	1.3% - 14%	2% - 18.8%	5.4% - 32.8%
	Women of color	1.6% - 27.7%	2.3% - 46.4%	5.3% - 44.1%
Professionals and technicians	White women	4.9% - 37%	1.7% - 7.4%	7.6% - 25.2%
	Women of color	6% - 55.8%	0% - 4.2%	8.6% - 41.2%

**Source:** Mercer Internal Labor Market data from participating NEW partner companies. Hiring rate calculated as number of women hired into the career level relative to number working in the level. Promotion rate calculated as number of women promoted relative to number working in the level below. Exit rate calculated as number of women exiting for any reason relative to the number working in the level.

## The economic power of women of color



**\$1 trillion**  
In buying power



**4X higher**  
The rate at which women of color launch businesses, compared to the rate of all women-owned businesses



**\$361 billion**  
Revenue generated from businesses owned by women of color

**Sources:** "Infographic: The Women's & Multicultural Market Opportunity," prudential.com; "How Women of Color Get to Senior Management," Harvard Business Review; The 2017 State of Women-Owned Businesses Report.

## The mentor and sponsor gap

Six out of 10 women surveyed by NEW report having mentors. Half have sponsors. Closing the gender gap in mentoring and sponsoring will help boost retention rates for all women.

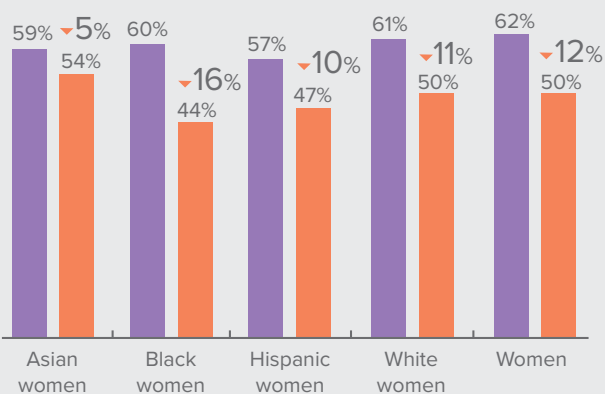
“I’ve only really been successful at moving up because of my sponsors,” one Hispanic woman senior leader said. “That doesn’t mean I didn’t do good work and drive results — I did. But my sponsors made sure that good work got noticed and pitched me for the next big job.”

It’s not enough, however, for companies to pair a sponsor with a rising star. “Sponsors should be formally trained on topics such as minimizing unconscious bias, developing inclusive barriers, valuing differences and understanding power and privilege in corporations,” according to “How Women of Color Get to Senior Management” in the Harvard Business Review. Otherwise, even a well-meaning sponsor can hold unconscious bias.

## Mentoring and sponsoring of women of color

■ I have one or more mentors in my company (someone who can provide me with career advice or counsel me around specific situations).

■ I have one or more professional champions/sponsors in my company (someone in a senior role who advocates for me and gives me visibility and access to career opportunities).



Source: Mercer survey of NEW members and participating company employees.

## Why women of color stay

As a group, women of color told NEW that meeting two needs is key to influencing their intent to stay with a company and in retail and consumer goods.

- A feeling of belonging
- Satisfaction with their ability to achieve long-term career goals

These were the only two factors consistently selected by women across all ethnic and racial groups surveyed. If companies want to invest in areas with the most potential to transform the workplace and boost retention of women of color, these are the two to focus on.

In both areas, companies are falling short.

Only six in 10 women of color report feeling a sense of belonging, compared to seven in 10 white women and men.

As a group, women of color also reported less satisfaction than white women with their ability to achieve long-term career goals.

These findings are consistent with the Network of Executive Women’s “The Female Leadership Crisis” report, which found four critical issues affecting women executives’ workplace experience: bias, isolation, lack of support and work/life challenges.

The sense of not belonging and dissatisfaction with career outlook experienced by women of color reflect a broader trend among women overall. That said, no two employees are the same. And no two women of the same ethnicity or race are the same. Our findings are directional and do not include factors such as whether the women or their parents were U.S. born. Future studies will provide more insight.

The research is a useful starting point, a lens through which companies can view their corporate cultures and hiring, development and retention strategies and policies.

# Asian women

What makes women of Asian descent want to stay with their company? They told us:

- Feeling like I belong
- Opportunities to improve my skills
- Minimal favoritism
- Pay for performance
- Ability to use paid time off

A smaller percentage of Asian women (62 percent) than white women (71

percent) say they feel they belong in their company.

Compared to their white peers, they report greater dissatisfaction with their ability to meet their long-term career goals, with only 38 percent rating their company favorably. In contrast, half of white women (50 percent) say they feel good about their ability to meet their long-term career goals.

A smaller percentage of Asian women than white women are satisfied with their ability to improve their job-related skills and capabilities (52 percent versus 61 percent).

**“I grew up with Asian parents who told me to be quiet and educated [and] women don’t become leaders. So, I may not express my career goals as forcefully as some of my non-Asian peers. But it doesn’t mean I don’t have them or that I’m not willing to work hard for them.”**

— NEW survey respondent, senior leader

## Key influencers for positive outcomes for Asian women

Happiness, engagement, intent to stay in the company and industry, recommending their company and industry as a place to work.



Source: Mercer survey of NEW members and participating company employees.





# Black women

What makes Black women want to stay with their company? They told us:

- Feeling like I belong
- Feeling like I am part of a group
- Relationship with supervisor
- Long-term career outlook
- Minimal job stress

Black women told NEW they need to feel like they belong in a company and its culture and see a long-term career opportunity to stay. But unique to Black women were

two other key attributes important to them: Feeling they were part of a group and a positive relationship with their supervisor.

Seven in 10 Black women said they feel they are part of a work group that they interact with on a regular basis, compared to eight in 10 white women.

Sixty-one percent of Black women claim a feeling of belonging, compared to 71 percent of white women. And a smaller percentage of Black women surveyed (73 percent) than white women (78 percent) were satisfied with their relationship with their supervisor (a key factor for retention).

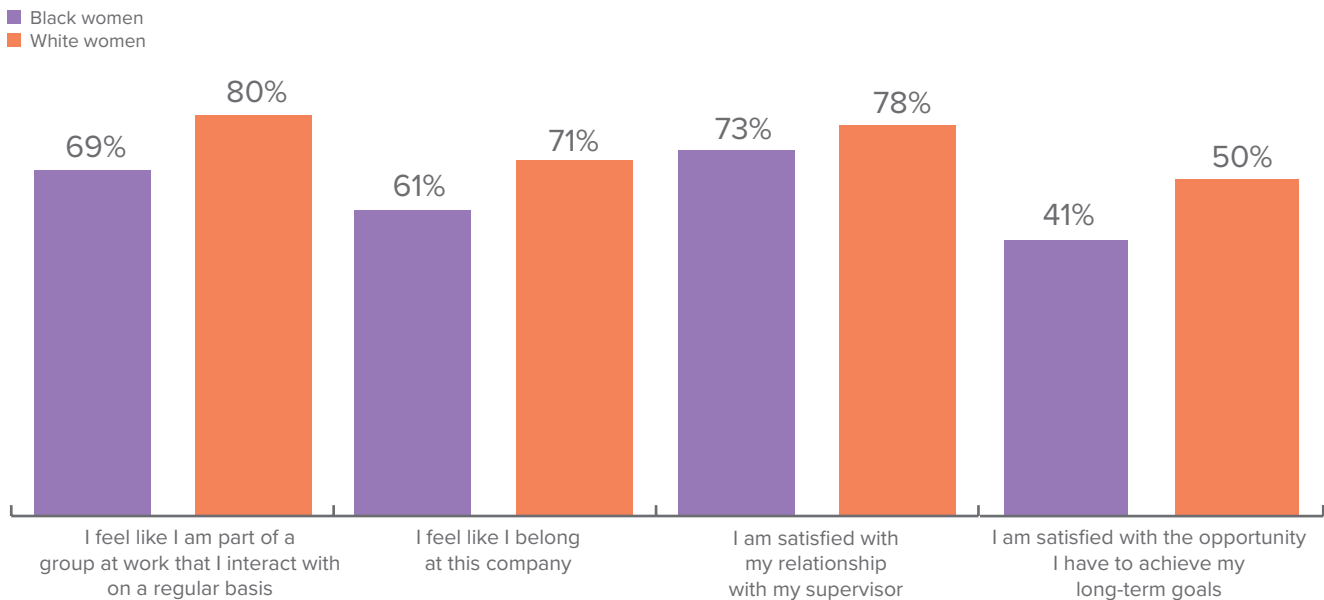
Black women also trailed their white peers in positive feelings about their ability to meet their career goals (41 percent versus 50 percent).

**“I am the only Black woman on the executive leadership team. Sometimes, I feel like an alien in the boardroom. When I suggested we look at women for a critical role, it was made clear the decision was already made by a subset of the team.”**

— NEW survey respondent, senior leader

## Key influencers for positive outcomes for Black women

Happiness, engagement, intent to stay in the company and industry, recommending their company and industry as a place to work.



Source: Mercer survey of NEW members and participating company employees.



# Hispanic women

What makes Hispanic women want to stay with their company? They told us:

- Feeling like I belong
- Trusting my supervisor
- Long-term career outlook
- Range of developmental assignments

Hispanic women are like their peers in that feeling like they belong in a company and its culture and having a positive long-term career outlook greatly influence them to remain at a company. But unique

to this group are two key influencers that weigh heavily in their decision to stay: Trust in their supervisor and a range of developmental assignments.

It's worth noting, however, for any woman, a too-narrow focus on the relationship with an immediate supervisor could limit outreach to other potential mentors and sponsors. Companies should encourage other sponsorship and mentorship relationships.

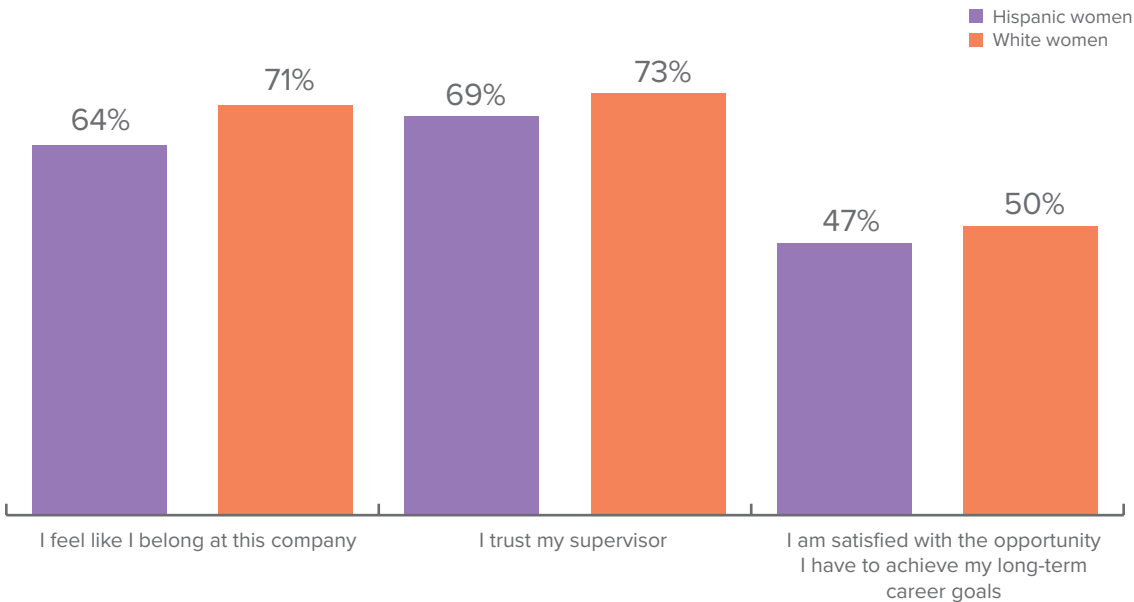
Compared to other women of color, Hispanic women are more like white women on some key retention factors — a feeling of belonging, trust in their supervisor and satisfaction with their career opportunities.

**“Coach women of color and help them grow. It took me 28 years of proving myself to senior management to get to the VP level. I had the skill sets for the jobs, but I was being passed up for other individuals.”**

— Hispanic woman, NEW survey respondent

## Key influencers for positive outcomes for Hispanic women

Happiness, engagement, intent to stay in the company and industry, recommending their company and industry as a place to work.



Source: Mercer survey of NEW members and participating company employees.



# Transforming the workplace: Ask, listen, act

Investing large amounts of time and money in recruiting, hiring and promoting women of color will be fruitless if companies are tone deaf to perceptions and experiences in the workplace.

Asking your employees for their input via surveys, focus groups and one-on-one conversations is a strong first step. Using the insights presented here to better target initial investments, spur ongoing conversations and inform talent

management strategies can help speed the journey to greater gender, racial and ethnic equality in the workplace.

Most companies still have some serious road to travel to get to workplace equality for women, an even farther distance for women of color.

These tactics will help corporate leaders and individuals strengthen key influencers for women of color: A sense of belonging and long-term career outlook.



## Feeling of belonging

### Walk the talk

- Require every leader, including the CEO and C-suite leaders, to demonstrate proactive inclusion and results.
- Do not tolerate excuses; coach those who are not effective in driving change.
- Set ambitious goals for gender equality and enforce them.
- Support sponsorship to increase the success of women.
- Create and use active business resource groups to powerfully enable innovation and problem solving.



### Speak up for equality

- Evaluate your culture. What cultural elements support a level playing field? Identify inconsistent cultural attributes or practices and work to change them.
- Articulate the company's business case for the empowerment of women of color and the positive impact of inclusion for all.
- Train on unconscious bias to help create greater understanding.
- Call out bias. Silence can be construed as consent or agreement. Practice conscious inclusion every day, with every interaction and communication.



## Long-term career outlook

### Implement recruitment and retention practices sensitive to women of color

- Proactively recruit and appoint women of color to managerial and executive positions and to the corporate board of directors.
- Include women of color on selection teams.
- Ensure talent management systems support and deliver equality objectives.
- Move more women of color into P&L jobs or opportunities.
- Know the research takeaways on barriers to success for women of color. Evaluate your environment, then develop and work a plan to eliminate those barriers.



### Ensure parity in all jobs at all levels of the organization

- Provide mentors and sponsors for high-potential women of color. Mentorship is a requirement. Sponsorship is a major advantage.
- Evolve the criteria your company uses for promotions to include diverse leadership styles.

### NEW's Gender Equality Blueprint

details a comprehensive list of action items to move companies toward their diversity goals and will kick-start progress.

As companies work toward greater diversity and inclusion, NEW wants to be a partner. We help organizations through research, insights, leadership development programs for all levels, regional events and leadership development opportunities and advocacy.

It is time to move beyond traditional diversity programs that do not create real change and to approach the employee experience as you do the customer experience, with intention, speed and precision.



## About the research

In late 2017, in partnership with Mercer and Accenture, NEW surveyed more than 3,600 NEW members and U.S. employees in retail and consumer goods. Of the total respondents, 2,351 were women; 486 identified themselves as women of color.

In addition, eight retailers and consumer goods companies shared U.S. hiring, promotion and turnover data representing more than 400,000 employees. Executives from 11 companies participated in interviews.

For the purposes of this report, Asian, Black and Hispanic women data and insights are grouped as women of color. "Hispanic" refers to Hispanic women and Latinas.

While this report's hiring, promotion and retention data are directional, they provide guidance. NEW survey results and interviews offer insights into the daily workplace experiences of women of color and provide a starting place for purposeful discussions about their leadership development and retention.

## NEW surveyed respondents at every organizational level

LEVEL	ROLE
C-suite	CEO, chair, C-suite roles, president
Executive level manager	Executive vice president, senior vice president, vice president, reports to C-suite
Higher-level manager	Assistant vice president, director
First-level manager	Manager
Professional technician	Buyer, specialist, with no direct reports
Sales worker	No direct reports
Administrative support	No direct reports

## Sources

1. "Intel diversity chief on retaining black talent: 'You can't hire your way to' diversity," bizjournal.com, June 20, 2018.
2. "Employee Retention —The Real Cost of Losing an Employee," peoplekeep.com, February 4, 2016.
3. "How Women of Color Get to Senior Management," Harvard Business Review, August 31, 2018.



Advancing **all** women. It's just good business.

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