

The Black experience at work in charts

A research-driven look at Black Americans at work reveals profound inequities. Companies that redouble efforts to address this will improve their culture for all employees.

by Bryan Hancock, James Manyika, Monne Williams, and Lareina Yee

To solve a problem, you need to understand it. That's why McKinsey recently embarked on an extensive research effort to characterize Black Americans' experience in the US workplace. We analyzed data from the US Bureau of Labor Statistics, the US Census Bureau, the US Equal Employment Opportunity Commission, and other sources. We augmented that analysis with data from 24 companies representing 3.7 million US employees, learning about the employee experience of those people through interviews, focus groups, and surveys.

The scale of the issues facing Black US workers is massive, and the roots of the problem are deep. As a recent article explained, "Inequality is baked deep into our current capitalist society."¹ Many researchers see the challenges as rooted in the socioeconomic and racial history of the United States.

We believe that companies that hope to make meaningful progress face ten key challenges. Achieving equity for Black workers in the private sector requires addressing the challenges on many fronts, including geography, industry, job type, and everyday workplace and culture challenges. Given the scale and complexity of the challenges, companies will need to work together to see material changes. And they will have to act more boldly than they have done in the past.

The impact of greater access to opportunity and advancement would be far reaching for the 15 million Black US workers currently engaged in the private sector. The challenges and the opportunities we outline are developed in greater detail in the full report of our research, *Race in the workplace: The Black experience in the US private sector*, available on McKinsey.com. Our hope is that companies and other stakeholders will use our work as the basis for the development of initiatives to accelerate progress toward a more diverse labor force and an inclusive and equitable private-sector experience for Black workers—and all workers.

¹ Greg Hill et al., "A CEO blueprint for racial equality," joint article from FSG, JUSTCapital, and PolicyLink, July 2020, policylink.org.

**Companies
and other
stakeholders
will need to
address**

10

**key challenges
to create
opportunities**

1. Higher unemployment for Black workers compared with other workers
2. Geographic mismatches between Black workers and opportunity
3. Underrepresentation of Black workers in faster-growing, higher-wage industries
4. Underrepresentation of Black workers in higher-wage jobs
5. Underrepresentation of Black workers in the most in-demand jobs
6. The disproportionate impact of technology and future of work trends on Black workers
7. A double “broken rung” for Black workers, with lower odds of advancement and higher attrition for frontline and entry-level jobs
8. Low Black-worker representation in executive levels
9. A trust deficit among Black employees toward their companies
10. A lack of managerial sponsorship and allyship for Black employees

Note: This story covers 8 of these 10 challenges.
The preceding story covered point 2 and point 3.

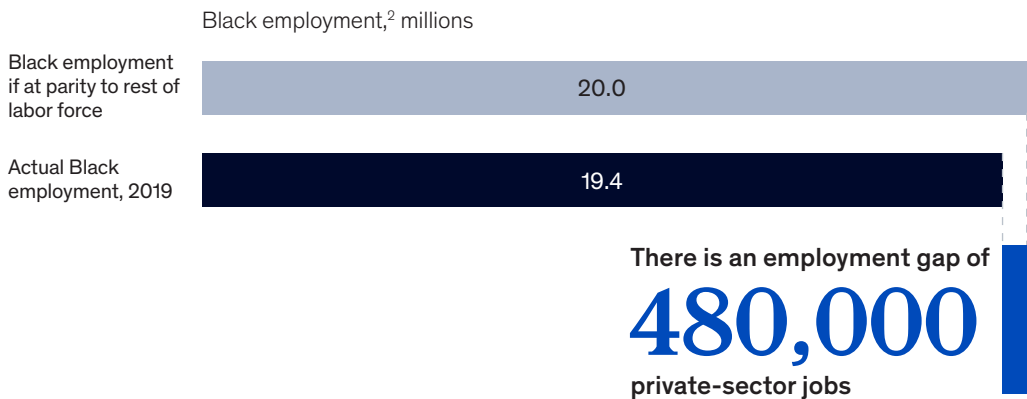
Black workers have higher unemployment, lower wages, and worse prospects than other workers

The challenges facing today's Black US workers are immense. Almost half of that group are in three industries that have a large frontline-service presence (healthcare, retail, and accommodation and food service). The concentration of Black workers by industry has a direct impact on a wide range of factors, including wages, career advancement, and the risk of displacement because of economic disruption.

While healthcare is a growth industry, almost half of all Black US healthcare workers in 2019—941,000—were service workers, while fewer than 500,000 were executives, managers, and professionals. Many of those frontline jobs pay less than \$30,000 a year, a category where, once again, Black workers are overrepresented.

Black US workers tend to be underrepresented, on the other hand, in industries with higher-wage, in-demand jobs, such as architecture, finance, and law. The systemic nature of that imbalance is exhibited by the fact that Black workers are less likely to be employed than are their counterparts in similar age groups or with equal educational attainment. Making matters worse, the prospect for Black workers in the decade ahead are also challenging. Prior research by the McKinsey Global Institute suggests that automation will put frontline jobs at risk.

Black workers are underemployed compared with other workers.

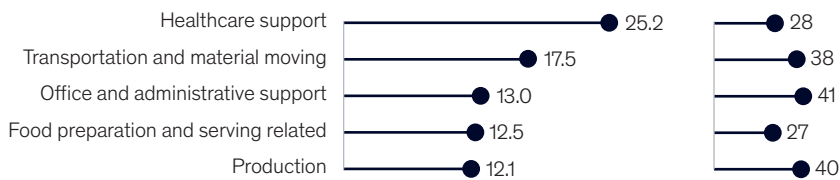


²Total employment gap for the Black labor force (93.9%) in 2019 relative to the rest of the labor force (96.7%) is about 565,000 workers, of which about 85,000 are public sector and about 480,000 are private sector (based on a 14.6–85.4% split).

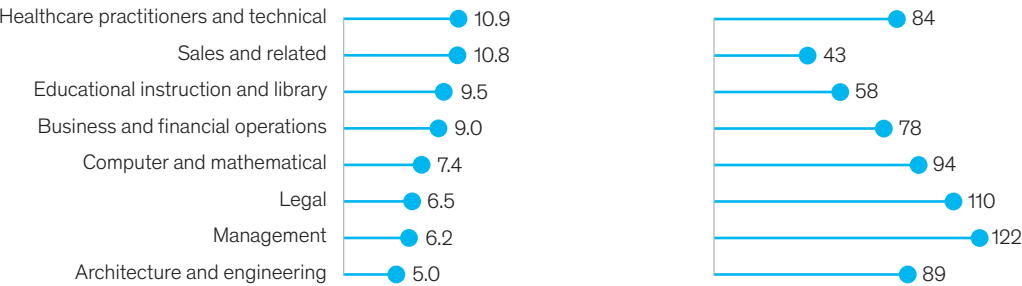
Black workers are overrepresented in low-wage occupations and underrepresented in high-wage occupations.

Representation of Black US workers by occupational group, 2019, %
Mean annual wage, \$ thousand

Overrepresented occupation groups with >1 million Black US workers

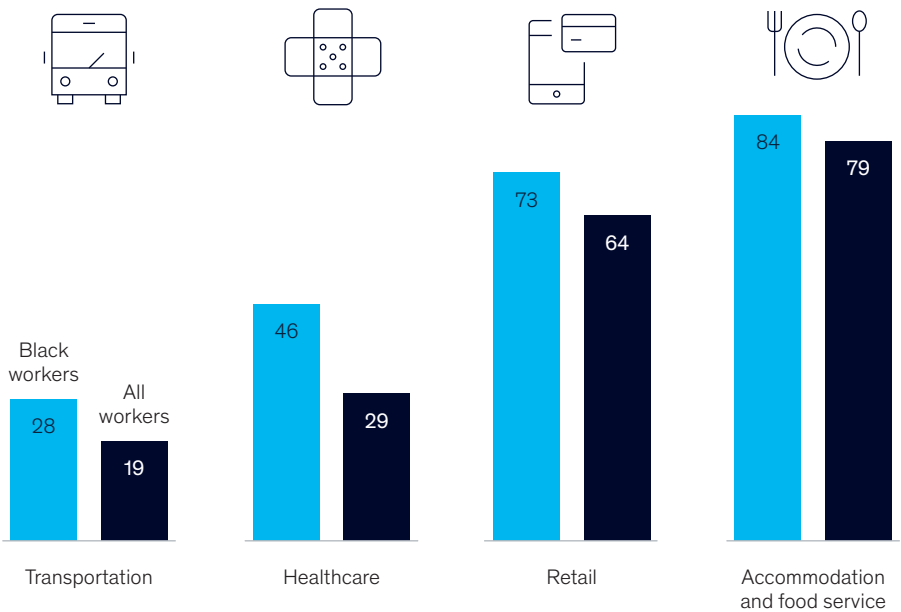


Underrepresented



Even within the industries with many Black workers, Black workers make less than \$30,000 more often than their peers do.

Workers earning <\$30,000 annually, %



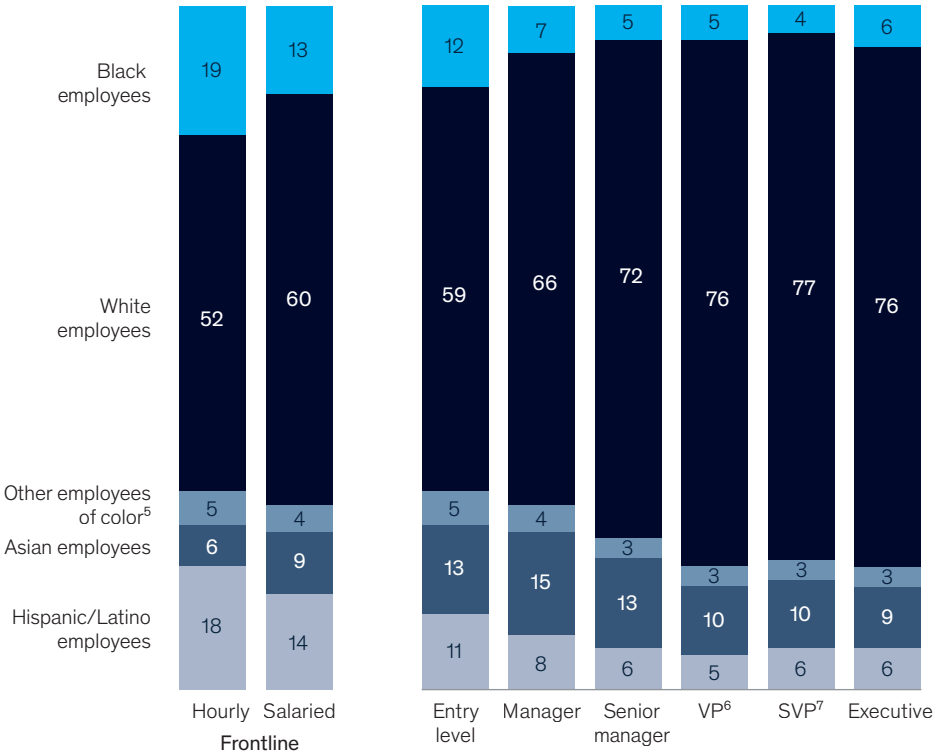
Source: Moody's Analytics; Occupational Employment Statistics, US Bureau of Labor Statistics, 2019, bls.gov; US Census Bureau American Community Survey, 2019; *The future of work after COVID-19*, McKinsey Global Institute (MGI), February 18, 2021, McKinsey.com; *The future of work in America: People and places, today and tomorrow*, MGI, July 11, 2019, McKinsey.com

The pipeline at work is broken, resulting in paltry representation at the most senior ranks

Black US employees hold a disproportionate share of frontline jobs and make up a representative 12 percent of entry-level jobs at the companies that participated in our research. But they are hobbled by a “broken rung” on the corporate pipeline: they aren’t promoted from entry-level to managerial positions at the same rate as others. That broken rung, combined with higher attrition rates among Black employees, means that companies often lack Black leaders and miss out on the known benefits of diversity.³ Those employees who do become managers rarely reach the very top levels. One exception to the trend: corporate boards are doing a better job of bringing in Black leaders—some 11 percent of the directors at our participating companies are Black.

Black employees in participating companies are overrepresented in frontline jobs and underrepresented in management.

Representation by level, by race,⁴ % of employees



³ Sundiatu Dixon-Fyle, Kevin Dolan, Vivian Hunt, and Sara Prince, “Diversity wins: How inclusion matters,” May 19, 2020, McKinsey.com; “Understanding organizational barriers to a more inclusive workplace,” June 23, 2020, McKinsey.com.

⁴ June 2020 snapshot, aggregated data across 23 companies.

⁵ Includes Native Hawaiian, Pacific Islander, and Indigenous (eg, Aboriginal, First Nation, Native American) employees and employees who identify as having two or more races.

⁶ Vice president.

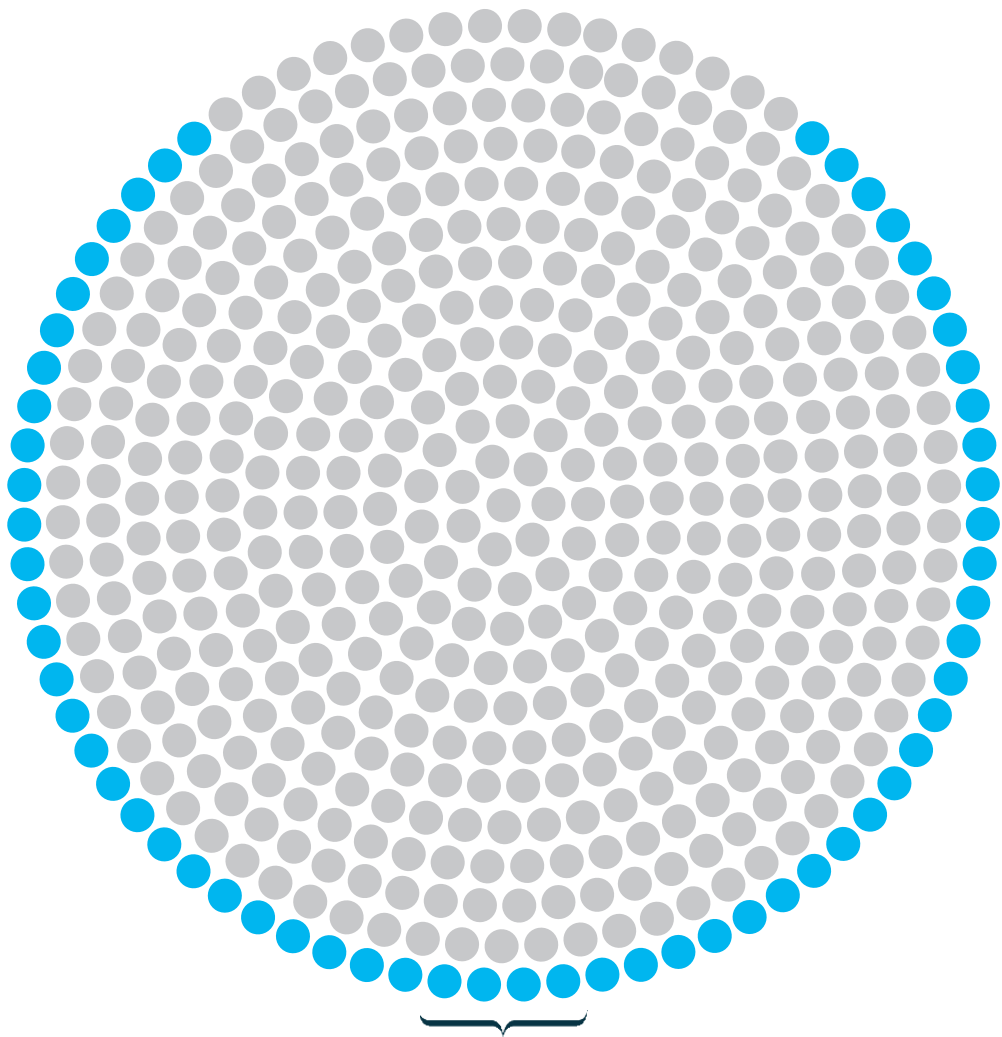
⁷ Senior vice president.

There are four Black CEOs in Fortune 500 companies. At parity with the Black US population, the number would be no fewer than 60.

Number of CEOs in the Fortune 500

● **60 Black CEOs**
if representation
in the Fortune
500 matched
Black population
density (~12%)

500 CEOs



Current number of Black CEOs⁸

4

⁸Current Black CEOs in Fortune 500 are Roz Brewer, Thasunda Brown Duckett, Marvin Ellison, and René Jones. This does not include Roger Ferguson Jr. and Ken Frazier, who announced that they were stepping down in 2021; TIAA named Brown Duckett to succeed Ferguson in February 2021.

Source: 2021 Race in the Workplace Survey (n = 24,842 employees); "Where are the Black CEOs?," *Fortune*, February 4, 2021, fortune.com; McKinsey analysis based on representative sample of US employees across all demographics at companies participating in survey

Not surprisingly, Black workers describe a significant trust deficit at work

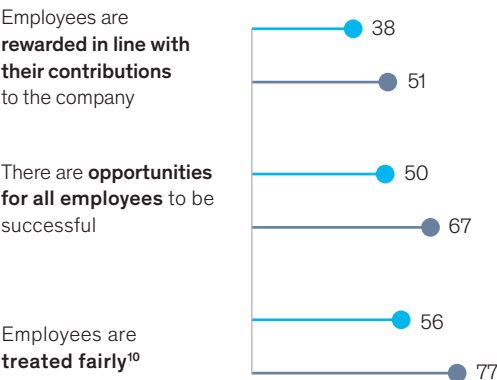
When it comes to acceptance, authenticity, and values, Black US workers and their counterparts see their companies quite differently. Black employees often don't feel that their employers value and embrace diversity, the system for evaluation and promotion is fair, and they can be their full selves. The result: a trust deficit between companies and their Black employees.

That deficit transforms the workplace experience. For instance, many focus-group participants described relationships between Black employees and others as “transactional” and perceived that sharing their experiences as Black employees could have negative consequences. Their perception that hiring, performance management, and promotions aren't fair contributes to feelings of “working twice as hard” and promotions being overdue versus well deserved. Research describes an “emotional tax”—a heightened feeling of being different that has detrimental effects on health—that Black employees experience at work.⁹ Sponsorship and allyship can diminish that feeling, but only one-third of Black employees report having even one sponsor.

- Black employees
- White employees

Black employees see less fairness and fewer chances to succeed.

Employees agreeing, %



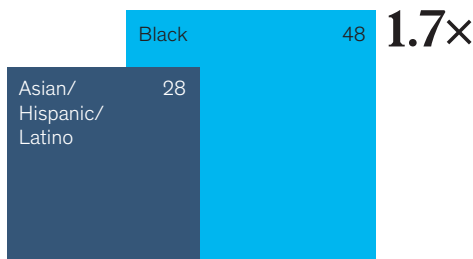
Black employees feel less able to be themselves at work.

Employees agreeing, %



Black employees are nearly twice as likely as other minorities to perceive their race will make it harder for them to achieve their goals.

My race or ethnicity will make it harder to achieve my career goals at this company, % agreeing

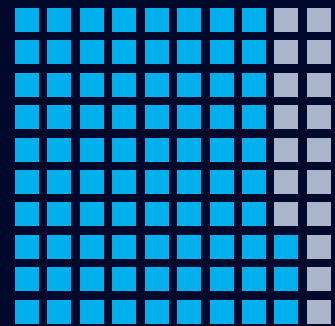


⁹ Jennifer Thorpe-Moscon, Dnika J. Travis, and Courtney McCluney, *Emotional tax: How Black women and men pay more at work and how leaders can take action*, Catalyst, October 11, 2016, catalyst.org.

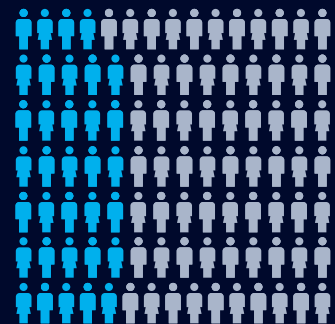
¹⁰ Fairness, defined as how employees receive equitable treatment and have a fair chance to succeed, is one of six categories of inclusion in McKinsey's Inclusion Assessment. Employees rated the three fairness statements above on a scale of strongly disagree, disagree, neutral, agree, and strongly agree. The "agree" group combines agree and strongly agree. The score for each statement is calculated as the percentage of respondents who respond in the "agree" group. The overall fairness score is calculated as the average of the three statement scores. Further discussion of the Inclusion Assessment can be found in the technical appendix.

Lack of managerial sponsorship and allyship for Black workers

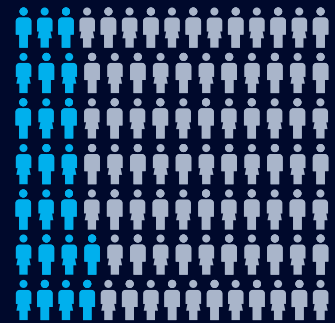
Access to sponsorship/support, % of Black employee respondents



87% of companies report having a sponsorship program



33% of Black employees report having 1 or more sponsors



23% of Black employees feel "a lot" or "quite a bit" of support at their company to advance

Despite all this, Black employees find meaning, purpose, and accomplishment at work

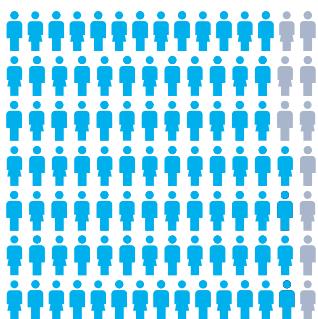
Despite all the challenges Black US employees face in the workplace, they overwhelmingly say they are helping their companies succeed. They also report that their work gives them a sense of purpose and accomplishment. Companies can build on such sentiments, despite the middling success of previous efforts. Even minimal improvements could start to show results, and there are several no-regrets actions that any company can take.

Business leaders should ask questions of their companies' efforts. What is the representation of Black workers in the company and in the communities where it operates? What unique capabilities does the company have? How can the company create a more welcome, supportive environment for its frontline and entry-level workers? Do the company's employees genuinely care for one another?

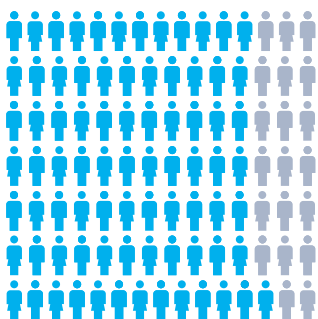
That introspection can be accompanied by work with stakeholders and other companies. Advancing racial equity in the workplace is a system-level challenge, ranging from the structural inequities of geography to behaviors in the workplace. As a report from the Racial Equity Institute puts it, "Our systems, institutions, and outcomes emanate from the racial hierarchy on which the United States was built. In other words, we have a 'groundwater' problem, and we need 'groundwater' solutions."¹¹

Regardless of support, Black employees still find meaning in their work.

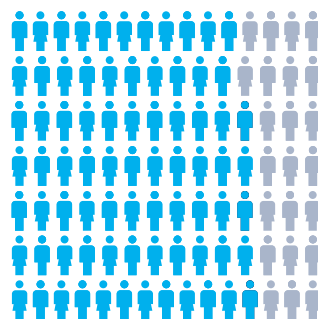
Employees agreeing, %



90% think their work helps the company succeed



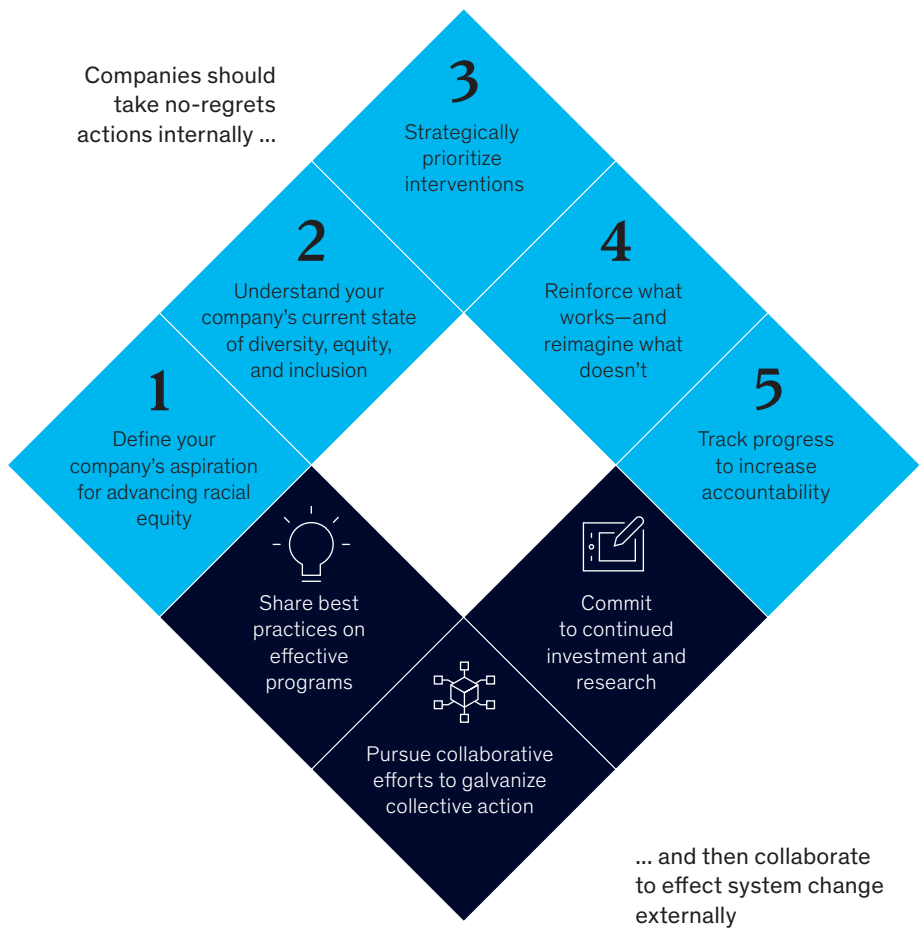
80% say their work gives them a sense of accomplishment



77% say their work gives them a sense of purpose

Source: 2021 Race in the Workplace Survey (n = 24,842 employees); McKinsey analysis based on representative sample of US employees across all demographics at companies participating in survey

Companies that redouble their efforts along five lines can make a difference.



On the current trajectory, it will take about **95 years** for Black employees to reach talent parity across all levels in the private sector.¹²

Addressing the major barriers that hold back the advancement of Black employees could cut that duration to about **25 years**.¹³

¹¹ Deena Hayes-Greene and Bayard Love, *The ground-water approach: Building a practical understanding of structural racism*, Racial Equity Institute, 2018, racialequityinstitute.com.

¹² If the average promotion, attrition, and external hiring rates across the participating companies remain the same for all races, it would take about 95 years for managerial jobs (managers, senior managers, vice presidents [VPs], senior vice presidents [SVPs], and executives) to reach 12% Black-leader representation overall.

¹³ If promotion, attrition, and external hiring rates were best-in-class at each level across the participating companies, it would take about 25 years for managerial jobs (managers, senior managers, VPs, SVPs, and executives) to reach 12% Black-leader representation overall.

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