

Retail Practice

Reprioritizing the employee experience in consumer-goods and retail companies

A successful recovery from the COVID-19 pandemic will require the consumer sector to restore programs aimed at workplace diversity and inclusion.

by Becca Coggins, Jess Huang, and Sajal Kohli



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The consumer sector, which encompasses retailers and consumer-packaged-goods manufacturers, has been hit especially hard during the COVID-19 pandemic, and despite businesses reopening, the pandemic-related disruptions continue to be substantial. Besides enormous financial and operational challenges, consumer-goods and retail companies have faced significant issues with employee burnout. According to McKinsey's 2020 Women in the Workplace study, conducted in partnership with LeanIn.Org, 34 percent of employees in consumer-goods and retail companies surveyed during the height of the COVID-19 pandemic reported feeling burned out compared with 28 percent of employees in other industries.¹ The experience of women, who often shoulder a larger burden of caregiving at home, was even more extreme: 37 percent of women in consumer-goods and retail companies reported burnout compared with only 30 percent of women working in other industries.

Meanwhile, consumer-goods and retail companies were also more likely than companies in other industries to have put their diversity and inclusion (D&I) initiatives on hold, despite evidence of the importance of diversity programs for hiring and retaining talent. The Women in the Workplace research shows that half of the companies in this sector rolled back some element of their diversity programs during the pandemic, a significantly higher rate of loss compared with other sectors. This combination of increased burnout among women and the hold placed on D&I initiatives has put consumer-goods and retail companies at a greater risk of losing diverse talent—despite the strong business case for achieving more diversity in organizations, particularly now, as companies emerge from the pandemic.

In this article, we present previously unpublished data from the report data set on employees' recent experiences in the consumer sector and explore the actions that companies in the sector can take to breathe new life into their D&I programs.

These include resetting norms around flexibility, enabling managers to prioritize employee well-being, debiasing the promotion processes, and building formal programs to develop diverse talent. By reviving their D&I programs, consumer-goods and retail companies will not only address the challenges female employees face but also enhance the well-being for all employees.

Disruption in the consumer sector

Consumer-goods and retail companies have been stressed—and it's no wonder given recent disruptions, from global supply-chain challenges to sudden IT demands. Many of the brick-and-mortar stores that closed in 2020 have cautiously reopened, but consumers are shopping differently, and organizations have had to adapt quickly as a result.

According to our Women in the Workplace research, employee stress was higher at consumer-goods and retail companies than across all industries. In addition to the higher rates of burnout, consumer-goods and retail employees were 30 percent more likely than employees across all industries to feel that they always needed to be available for taking calls, answering emails, and attending meetings around the clock. Additionally, these employees were almost three times as likely to say that they were considering leaving the workforce or downshifting their careers due to burnout. They were not, however, considering leaving at the same rate: one in four women were considering leaving or downshifting compared with one in five men. Among women considering leaving the workforce, according to our study, Black women were 38 percent more likely than women overall to consider taking a leave of absence or leaving the workforce altogether.

Consumer-goods and retail companies are aware of the potential for high rates of departure because of burnout and the resulting impact on the workforce: 12 percent of consumer-goods and retail companies in the Women in the Workplace research base said

¹ We surveyed more than 40,000 employees across industries, including 5,205 employees in the consumer-goods and retail sectors, on their experiences.

they were “very or extremely concerned” that the number of women will decrease at their company due to the pandemic, compared with 8 percent of companies overall. And 20 percent of consumer-goods and retail companies said they were “very or extremely concerned” that they will lose employees of color because of the pandemic, compared with 9 percent of companies overall.

Consumer-goods and retail companies must be particularly aware of this latter trend, as research shows there is a strong business case for prioritizing diversity and inclusion. McKinsey’s 2020 Diversity Wins report shows that companies with diverse leadership—regarding both gender and ethnicity—are more likely to outperform peer companies financially. In 2019, for instance, companies in the top quartile for gender diversity in executive teams were 25 percent more likely to outperform financially compared with their peers. Similarly, companies in the top quartile of ethnic diversity in executive teams were 36 percent more likely to outperform financially compared with their peers.²

Diverse teams are more likely to anticipate customer trends and make better and bolder decisions—skills that will be critical as companies navigate recovery post-COVID-19. For consumer-goods and retail companies, it’s especially important to ensure that the company has a diverse workforce that understands and relates to their consumers in order to develop and market products effectively. Hence, it is imperative for these companies to refocus on diversity and inclusion efforts.

Getting back into development mode

The stress on consumer-goods and retail companies, by measures such as operations and finances, hasn’t abated as they move out of crisis mode and into recovery. Still, there are low-cost, high-impact moves companies can make to address the acute challenges that employees

(especially women and employees of color) face and to nurture a pipeline of diverse talent. They may want to restart specific initiatives that were paused, double down on initiatives that were stalled, or launch entirely new efforts. Regardless, leaders in consumer-goods and retail companies should consider prioritizing their efforts in the following four areas.

1. Reset norms to ensure flexibility and to account for seasonal demands

Consumer-goods and retail companies looking to directly mitigate feelings of burnout should look to reset norms and build more flexibility into the workplace. In our research, the women who said their companies provided them the flexibility they needed were 60 percent less likely to consider leaving the workforce or downshifting their careers. It’s important, therefore, that leaders regularly clarify workplace policies and communicate their support for flexibility—and model their support, when possible, as employees may worry that there is stigma attached to flexible- and remote-work options. In consumer-goods and retail companies, that might mean reconsidering schedules in the wake of inevitable seasonal demands or other market shifts. Organizations can also reset norms by designating certain hours for meetings and by removing the expectation for prompt email responses after designated business hours.

2. Encourage managers to prioritize employee well-being—especially during times of stress

Managers play a critical role in shaping the day-to-day employee experience in consumer-goods and retail companies, particularly when workloads and stress are heightened and exacerbated by business disruptions. Our research shows that women in the consumer sector who feel supported by their managers are 70 percent more likely to say they are happy with their jobs, 3.5 times more likely to say that they feel they have an equal opportunity to advance, and 50 percent less likely

² Sundiatu Dixon-Fyle, Kevin Dolan, Vivian Hunt, and Sara Prince, *Diversity wins: How inclusion matters*, May 19, 2020, McKinsey.com.

Consumer-goods and retail companies have a broken rung at the first step up to management: for every 100 men promoted, only 86 women are promoted to manager levels.

to consider leaving or downshifting their careers. Senior leadership in consumer-goods and retail companies should therefore encourage and give managers the flexibility to prioritize employee well-being. Managers should be educated about the signs of burnout and given tactical instructions on how to talk with employees about their workloads and stressors. For instance, given the reliance on digital communications during the COVID-19 pandemic, managers should be trained on how to lead teams virtually and to vary their communications styles for both in-person and online interactions.

3. Build formal programs to develop diverse talent—despite competing priorities

It's more critical than ever to provide structured initiatives (mentorship and leadership programs) to ensure that women have dedicated time and space to focus on professional development even as they are juggling other work and home priorities. But one size will not fit all.

Companies should look to their talent pipelines to determine where they see a significant drop-off and tailor their mentorship and sponsorship programs accordingly (exhibit). If companies see a “broken rung”—a significant drop-off of women after their first promotion from entry level to manager—then programs aimed at developing

high-potential entry-level women will be particularly impactful.

The Women in the Workplace study shows that consumer-goods and retail companies have a strong pipeline of women at the entry level: 58 percent of entry-level employees at consumer-goods and retail companies are women compared with 47 percent across all companies. Yet, just like the overall trend, consumer-goods and retail companies have a broken rung at the first step up to management: for every 100 men promoted, only 86 women are promoted to manager levels.

4. Debias performance reviews and promotion processes to leverage the robust entry-level pipeline

Debiasing performance reviews and promotion processes will help companies strengthen their talent pipelines and usher more women into senior levels, especially given the already high number of women at the entry level.

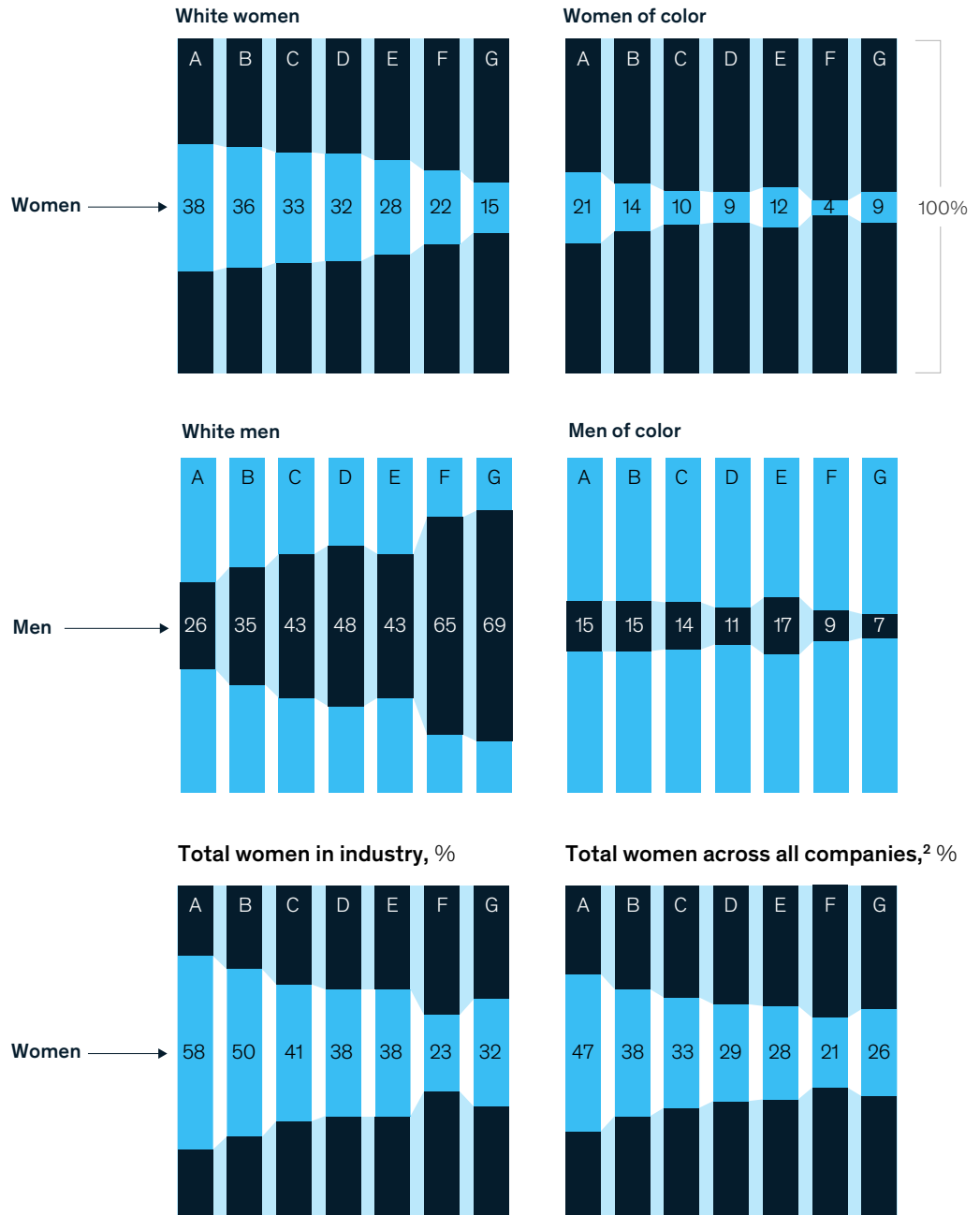
Leaders in these companies must, as a first step, establish clear and objective evaluation criteria before the performance-review process begins and assess all candidates against these criteria. Even companies that have revisited and updated their criteria in the past couple of years should take another look to eliminate any new biases that

Exhibit

Although consumer-goods and retail companies have a strong pipeline of women at the entry level, there is a significant drop-off of women at the management and executive levels.

Women and men employees within each level, 2019,¹ %

A = Entry level B = Manager C = Senior manager/director D = Vice president E = Senior vice president
F = C-suite G = Board



Note: Figures may not sum to 100%, because of rounding.

¹Aggregate results from participating companies in consumer-goods and retail industry (14 companies submitted pipeline data).

²Sum of the percent of white women and percent of women of color may not sum to overall percent of women, because overall figure includes employees with race not reported.

Source: 2020 Women in the Workplace pipeline data for US and Canada

could have been introduced by shifts in working dynamics that developed during the pandemic. The criteria for promotion should be similarly reevaluated, with an eye toward the skills that are currently needed to perform in the role, not necessarily the ones that have worked for others in the past. In addition, companies should train all evaluators on unconscious bias and, during their discussions of employees' performance, have a third party who is trained in this area in the room to highlight such bias.

To ensure the continued success of the consumer-goods and retail industry as it heads into a recovery period, companies must take action to address the urgent needs of their employees who are dealing with stress and burnout. As part of this work, companies in this sector can restart and expand upon existing D&I initiatives, which will help companies retain diverse talent and ultimately benefit all employees.

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