



# Corporate Leadership: Identifying and Reducing Racial Bias in Hourly Jobs at Your Company

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This brief is intended to help corporate-level managers identify and reduce racial bias in frontline hourly jobs. In addition to considerations around equity, a strong business case for reducing racial bias in frontline hourly positions where workers of color are overrepresented, turnover is high, and talent tends to go untapped.

Corporate leadership responsible for core business functions, such as operations, finance, information technology, and sales and marketing may not be aware of how decisions made at the corporate level affect the work environment for frontline workers who perform such crucial tasks as customer service, order fulfillment, maintenance, and production. Drawing on a [comprehensive review of research](#) on sources of racial bias in today's workplaces, this brief identifies how bias occurs and is experienced by hourly-paid workers in frontline jobs.<sup>1</sup> It also outlines strategies you might consider implementing as part of efforts to improve core business functions and practices at the corporate level with the goal of advancing racial equity for hourly workers.

## The role of corporate leadership

By helping determine your company's strategic goals, competitive strategies, and broader policies, as part of corporate leadership you play an important role in establishing the procedures that shape the jobs of Human Resources (HR) staff and onsite managers responsible for supervising frontline workers, and, in turn, how racial bias may affect the work of both HR staff and onsite managers.<sup>2</sup> Research shows that the basic employment processes onsite managers implement – hiring, placing, and promoting employees – are vulnerable to racial bias.

How these employment processes are implemented is largely determined by the resources onsite managers have available and the business requirements they must meet. Differential treatment of workers based on race is one source of racial bias. Bias also occurs, however, through procedures and practices that may appear unbiased but end up disadvantaging people of color because of broader structural inequities. As a leader at your company, you can help transform business systems and processes to improve both racial equity and business outcomes.

### What Racial Bias May Look Like for Hourly Workers

Racial bias in frontline jobs can be difficult to detect from the distance of corporate headquarters or an executive office. Unless your company tracks job placement, advancement, and retention by race and gender, you may not know whether workers of color, especially workers in hourly jobs, experience racial bias. Research shows that not only are workers of color often concentrated in hourly jobs, but they are more likely to be working in jobs that provide few opportunities for leadership and skill development. Moreover, rates of turnover are often higher among workers of color and thus their seniority is shorter, impeding their advancement into better jobs.





## Sources of Racial Bias in Everyday Employment Processes and Practices that Aim to Reduce It

Below are some examples from research of sources of racial bias that may affect basic employment processes for hourly workers and some practices, that as a part of corporate leadership, you might adopt or support in an effort to reduce bias.

### Recruiting and screening job applicants

Where and how job openings are publicized can affect whether job seekers of color learn about the job and apply for it. Once applications are submitted, managers involved in hiring may screen them in ways that inadvertently disadvantage qualified job seekers of color:

Research shows:

1. The more informal recruitment and screening processes are, the more likely racial bias will affect who is hired.
2. Because job seekers of color are less likely than White job seekers to have contacts in high quality jobs, relying on employee referrals to fill positions often replicates existing racial differences in the type of jobs held by current staff.
3. Accepting applications on-site (e.g., walk-ins) means that the race of the applicant is known right away. Studies show that awareness of race early in the hiring process lowers the likelihood that qualified applicants of color, especially Black men, will be offered a job.
4. Job postings that ask for credentials that are not necessary to perform the job, such as four-year degrees, may disproportionately discourage otherwise qualified workers of color from applying. This is because they are less likely than White job seekers to have a college degree.
5. Pre-employment interviews can introduce racial bias through stereotypes or reduce it by giving applicants the opportunity to explain their qualifications for the job.
6. Certain accountability requirements may inadvertently interfere with equitable hiring. For example, when managers must maintain a staffing-to-demand ratio in high-turnover jobs, they may feel pressed to hire quickly through informal processes that reproduce racial inequities.

### Recruitment Considerations

- Support the allocation of resources to **develop recruiting and screening procedures based on skills rather than credentials**. This may reduce the likelihood that qualified job seekers—particularly job seekers of color—will be discouraged from applying or screened out, thus providing your company with a richer talent pool.
- Support the allocation of resources for **new technology to implement equitable hiring**. Several vendors offer online application and screening tools that, when implemented well, hold the promise to reduce racial bias in hiring. Encourage your company to make any online applications smart-phone friendly because job seekers of color tend to access information via smart phones.
- **Reconsider the merits of outsourcing hiring to staffing agencies**. Remember that fairness is also being outsourced and, in some states, also liability. Several states are enacting “joint employer laws” that hold both the staffing agency and the firm that contracts it liable for violations of employment laws. See [here](#).
- Support the allocation of resources to **train all staff whose work touches hiring processes**. Training can reduce racial bias introduced by onsite managers who might otherwise become overly reliant on ratings from computerized systems or misinterpret responses to interview questions. Beyond HR and onsite managers, training may benefit the IT staff who program job applications and applicant rating systems. It’s important for everyone to be aware of how racial bias can be introduced unknowingly through everyday business practices that use technology.
- Advocate for greater transparency on racial equity in hiring through the **collection, analysis, and reporting of information on the full hiring process**. This information can only change managers’ behavior if it is widely shared.
- **Revisit accountability** requirements that may nudge managers toward practices that undermine racial equity in hiring, such as strong pressures to maintain a particular ratio of staffing to demand.

## Initial job assignment

Initial job assignment is critical to workers because it determines starting wages and benefits and also the potential for advancement. Studies show that long-term differences in compensation by race and gender can be traced to the types of jobs in which workers are placed at the point of hiring:

1. Women and workers of color are often concentrated in the lowest-paying industries and jobs. For example, workers of color are overrepresented in food service and retail, and within these industries, they are overrepresented in the lowest paying jobs, such as dishwasher and cashier. To the extent that there are few options for people working those jobs to be promoted to better-paying jobs, narrow “pay bands” (wage ranges) in such low-paying occupations restrict wage growth even as seniority increases.
2. Primarily hiring workers for part-time positions disproportionately disadvantages workers of color. A larger proportion of Black and Hispanic/Latino than White workers are placed in part-time jobs even though they are more likely than their White coworkers to prefer full-time work. Among employees in part-time jobs, a larger proportion of Black workers than White workers have asked their manager for additional hours.
3. Because employers often provide benefits, such as health insurance and paid sick time, to full-time workers but not to part-time workers, White workers are more likely than workers of color to receive these important benefits through their employer.

## Job Placement Considerations

- **Create benchmarks.** Become aware of the distribution of jobs by race and gender within your firm by gathering data on how job quality (job status, benefits, wage range, turnover rate, job title) varies by race and gender. This will enable you to take this information into account as you make decisions that impact job assignments and the quality of hourly jobs overall.
- **Increase the ratio of full-time to part-time positions.** If your company primarily offers only part-time employment to workers in hourly jobs, reconsider the strategic merits of this practice as reliance on part-time and contingent jobs is often accompanied by costly turnover. Rather than limiting the number of full-time positions, consider the merits of setting a minimum on full-time workers in these positions and rewarding managers who can meet business goals while meeting or exceeding this standard. Monitoring racial equity in job status will help ensure the shift to full-time aids all workers.
- **Support initiatives to improve the quality of hourly jobs for all workers.** Improving employment conditions overall will serve to reduce racial disparities in job quality if workers of color are concentrated in particular jobs. For example, expanding or eliminating pay bands can make it possible for all hourly workers to experience earnings growth with seniority. Research in the retail sector indicates that improving work schedules for hourly workers can improve sales and reduce labor costs while also benefiting workers of color, who are disproportionately employed in the service sector. Studies also show that job-protected paid leave can improve retention in hourly jobs. Without paid leave, research shows that mothers in single-parent households can find that the only way to both support their family and provide care for a new infant is to secure public assistance, which may necessitate that they quit their job.

## Performance appraisal, training, and retention

Although many employers have a keen interest in ensuring that workers have the skills and resources to do their jobs well, not all employers invest in training and mentorship for their workers. Moreover, when they do invest, those investments are not always equitable. For example, employers vary in whether they assess hourly workers primarily to reward good performance (with the goal of retaining and promoting workers) or primarily to discipline (with the goal of terminating underperforming workers). Racial bias shows up in who receives training and in how performance is assessed:

1. Workers of color are at higher risk of forced termination due to their overrepresentation in industries that use surveillance to monitor performance.
2. Most employers do not offer formal training and professional development for employees in hourly jobs, which are disproportionately held by workers of color.
3. Workers in lower-level jobs experience higher turnover and have fewer advancement pathways than workers in higher-skilled or managerial occupations.
4. Because mentorship is often provided on an ad hoc and preferential basis, employees of color at all levels of a company tend to have less access to mentorship than do their White coworkers. For hourly workers, managerial attention can be limited by high employee-to-supervisor ratios, hindering regular feedback, career coaching, and identification of skills gaps and training to address them.
5. Hourly workers, especially workers of color, are not consistently informed of how their compensation, job duties, or job status could change based on a performance review or told the criteria on which they will be evaluated.

## Appraisal, Training, and Retention Considerations

- Advocate to **reduce the use of surveillance**. If **surveillance** is being used, inform employees of how and why. Several states have enacted or proposed laws on technology transparency, and worker advocacy organizations are calling for the curtailment of surveillance performance systems given research showing those systems' toll on workers' health. See [here](#).
- Support the allocation of resources to **implement "best practice" performance appraisals** for hourly workers, including those in part-time jobs. Research suggests that standardized, skill-based, and deidentified assessments (without applicant names and personal information) help limit bias. Best practices also include training frontline managers and supervisors in conducting fair assessments and ensuring they have the time to provide useful feedback and support to their staff.
- Support the allocation of resources to **develop and codify pathways** for advancement from the lower levels of the organization. Onsite supervisors can sometimes assume that workers in frontline jobs do not have sufficient motivation or potential to advance; however, most hourly workers want to and can advance in their jobs, and some employers are much more successful than others at creating advancement ladders. 'Growing your own' could be the most effective way for your company to reduce staffing shortages while also improving performance on diversity, equity, and inclusion.
- **Benchmark wages, advancements, and exits**. Tracking pay increases, advancement, and job separations (both quits and terminations) is essential to figuring out where racial bias may exist in your company. Interviewing or surveying workers as to why they stay and why they left, or are considering leaving, is common in many firms, but often these efforts only target full-time, salaried employees.

## Endnotes

- <sup>1</sup> All of the research referenced in this brief was drawn from a comprehensive literature review, available at <https://www.acf.hhs.gov/opre/report/employment-processes-barriers-employment-lower-wage-labor-market-literature-review>. Lambert, S., Kaz, D., Clarkwest, A., Cuellar, M., Gardiner, K., Martinson, K., Dohrn, B., Gamboa, M., Harris, H., Sarna, M., Gondek, N., Hur, J., Warner-Evans, M., & Pedersen, S. (2024). Employment Processes as Barriers to Employment in the Lower-Wage Labor Market: Literature Review, OPRE Report [2024-006]. Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.
- <sup>2</sup> Briefs like this one with tips for HR staff and onsite managers, respectively can be found at the project's webpage here: <https://www.acf.hhs.gov/opre/project/employment-processes-barriers-employment-lower-wage-labor-market>.

## Conclusion: Lead by Example

A commitment to diversity, equity, and inclusion, is an important step, but there is a lot more that corporate leadership can do to improve racial equity in frontline hourly jobs at your company. Though HR staff or onsite supervisors play an important role in reducing bias, core business procedures set the stage through what they do, or do not do.

As a corporate leader, what you do also matters. You can effect change in frontline practices by helping ensure resources are allocated for the tools and training that onsite managers and HR staff need to implement equitable employment processes, by shifting procedures in your area of leadership that may create barriers to equitable processes, and by improving transparency in employment processes and outcomes throughout the company.

Moreover, your own actions can help establish an organizational culture that values equity. You can model equitable processes and deploy your expertise to address sources of racial bias that may unfold at the lower levels of the company. You can support your company's HR department in accessing resources to address racial bias in employment processes throughout the company. The support of corporate-level managers is critical for accessing and implementing the new tools, training, and transparency essential to moving your company toward greater racial equity in employment processes and outcomes.

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