

GOOQWAL

Black Equity Index

Tracking
commitment to
racial equity in
the workplace



Introduction

Over the past two years, companies have made unprecedented commitments to Black equity, reflecting frankly on systemic racism and pledging to help dismantle it within and outside of their walls. Now, to keep up momentum towards this challenging transformation, companies are seeking ways to measure the effectiveness of their efforts.

Coqual's Black Equity Index (BEI) provides a benchmark of leading global companies to establish where they are progressing, and where they can continue to improve. Backed by Coqual's years of research and advisory services dedicated to identifying and eliminating workplace inequity, the BEI is a powerful tool to help companies turn incremental change into enduring impact in the years to come.

The BEI measures an organization's achievement in six critical areas: accountability, advancement, investment, sustainability, public engagement, and representation. In all six, we find positive news and room for growth.

Results from the inaugural BEI demonstrate that companies have rolled out policies to better recognize and reward Black talent—putting accountability for Black equity in place for top leaders, tracking advancement, and publicly sharing data on Black representation, for example. Yet most companies still lack comprehensive Black equity programs. Too often, initiatives are piecemeal, and their impact is not carefully evaluated. Black representation at all levels of the career pipeline—a tangible outcome of success in the other five focus areas—still lags.

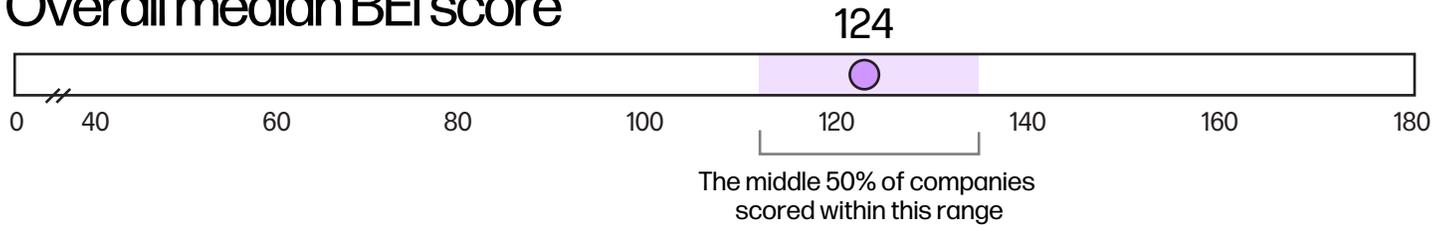
The BEI's methods rest on Coqual's many years of actionable research tackling workplace bias and uncovering barriers to advancement for underrepresented populations. Analysis of the BEI survey data is this project's crucial element. In this white paper, we have aggregated individual company findings to reveal the broader corporate landscape for Black professionals.



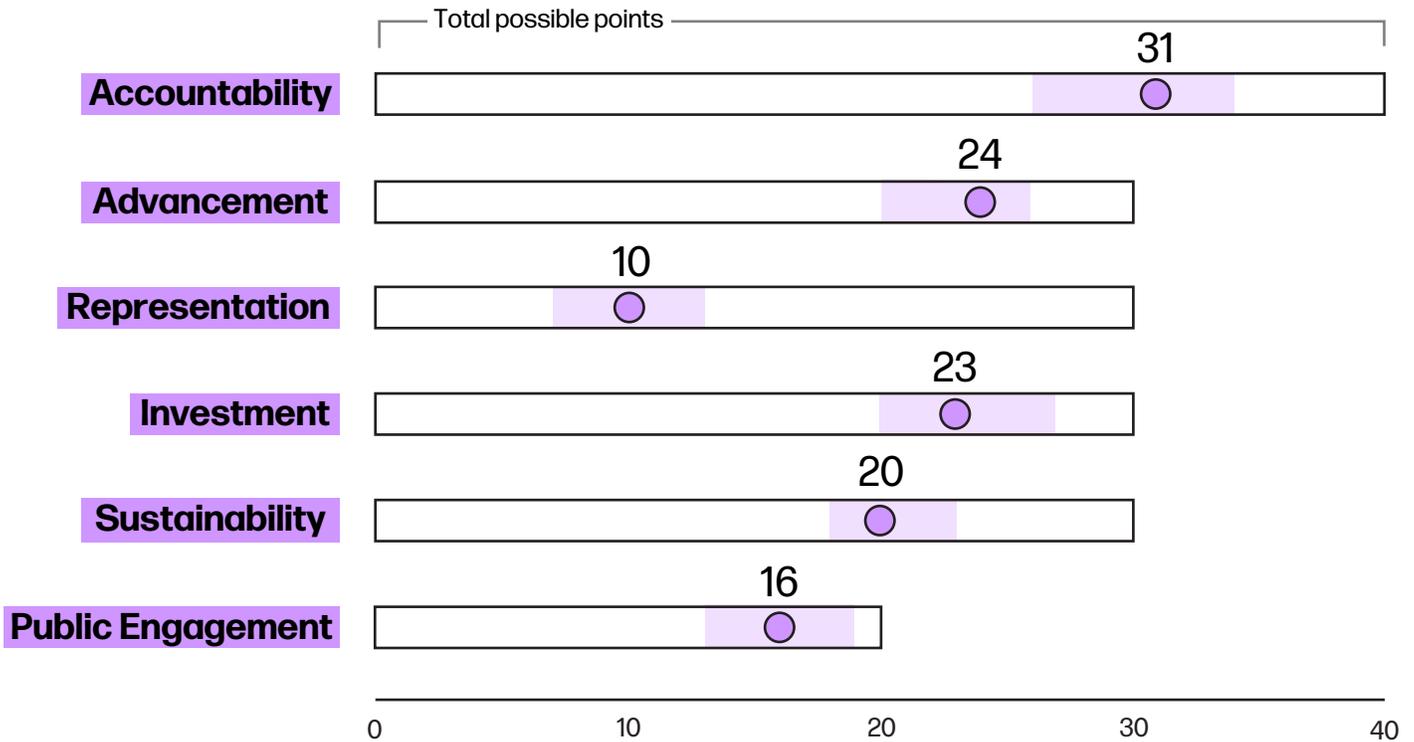
For the inaugural BEI, 26 companies from a range of industries (including technology, financial services, professional services, energy and utility firms, and life sciences) stepped forward to participate. Together, they employ some 700,000 people across the globe.

What follows is the first installment of a multi-year undertaking to help companies honor their commitments to Black equity. Surveys and analyses will be fielded annually so companies can log their progress year over year. But, importantly, our process will also evolve—alongside continuing conversations about goals and best practices for achieving Black equity in the workplace.

Overall median BEI score



Median scores by area





Accountability

Hold leaders accountable for Black equity

Accountability mechanisms ensure leaders make Diversity, Equity, and Inclusion (DE&I) a priority. It's encouraging to see that many companies have implemented them—and, of course, there is more to be done.

Most participating companies are incentivizing senior leaders to focus on equity. Of companies surveyed, 62% consider workforce diversity in performance evaluations for senior leaders. Only 42% link measurable progress on diversity metrics to executive compensation. Linking executive pay to implementation of effective DE&I policy is one of the most powerful accountability tools companies can use to achieve Black equity.

Of BEI participant companies, 81% choose to publicly report EEOC-1 data, a laudable move towards transparency. The Equal Employment Opportunity Commission (EEOC) requires companies to report data on workers according to race/ethnicity, gender, and job type, but doesn't require them to make it public. Sharing the data publicly allows external stakeholders, including investors, to hold companies to higher standards.

62%

of participating companies consider **workforce diversity in senior leaders' performance evaluations**

Recommendation

Implementing accountability measures for the most powerful leaders in the organization ensures that DE&I will be an institutional priority. Incentivize leaders to drive DE&I goals and create Black equity through performance evaluations and pay. Many companies are already doing this, and those who haven't yet should do so.



Advancement

Promote and retain Black talent

Advancement continues to be a challenge. Black professionals are less likely than professionals of other racial groups to receive promotion opportunities or to have access to senior leaders, Coqual finds in study after study. Coqual's *Equity at Work* series revealed that Black professionals are twice as likely as White professionals to say their time to promotion is longer than their peers'. Put bluntly: companies too often fail to promote and retain Black talent.

The first step to improvement is to get the necessary information on where gaps lie. Today, only about half (54%) of responding companies track time to promotion by race. If companies can't identify where career stall is happening, they can't meaningfully intervene to remove the barriers.

To shorten time to promotion, Black professionals need sponsors—powerful leaders who can advocate for their advancement. Most companies (81%) have mentorship programs to offer nurturing and advice, but fewer than half (46%) have the sponsorship programs that would give Black professionals meaningful career development and traction.

46%

of companies have **sponsorship programs for Black professionals**

Recommendations

- Track advancement by race. It's crucial to also look by gender, level of seniority, and by department, in case aggregate figures mask worrisome trends. Use this data to identify where promotions are lacking, and focus advancement efforts there.
- Institute high-quality sponsorship programs and track their effectiveness. Draw from successes and shortcomings to improve them, and work towards an organizational culture of sponsorship for all, regardless of racial background.



Representation

Build Black representation at every level of the organization

In the US, 10% of college graduates are Black. Yet only two participating companies have Black representation of 10% (or more) across their US employee bases.

Especially when it comes to leadership, representation figures can be daunting. After all, representation is a lagging indicator, often reflecting the need to drive greater equity and inclusion throughout the talent life cycle.

Just look at the top of the house: 38% of BEI respondents lack a single Black member on their boards. It's no wonder, then, that Black professionals are six times more likely than White professionals to believe someone of their race/ethnicity would never have the top job, as Coqual found in *Being Black in Corporate America*.

Only 1 in 13

companies have **10% or greater Black representation**

Recommendation

Build a pipeline of board candidates to draw on, and cultivate relationships with Black leaders early and often. Resist the instinct to only tap existing networks, which are often insular. Reconsider traditional playbooks for board candidacy.



Black professionals, BEI results show, are often siloed in support functions. Black representation is highest in human resources, at an average of 11% of staff in those departments across responding companies. And Black professionals are rarely team leads. Across our entire sample, Black professionals make up, on average, only 4% of people managers. (Note that this data reflects the percentage of professionals who self-identify as Black to their employers, which may not capture the entire Black population at a given organization.)

Companies are making an effort to better understand the demographics of their workforce: 85% of companies have a self-identification campaign that includes race.

4%

of people managers
are Black

Recommendation

As you work on representation, pay special attention to people managers and product managers/core business roles. Effective self-ID campaigns will likely be necessary to get the data you need—and keep in mind that data privacy is crucial.



Investment

Back commitments with tangible resources

To make progress on Black equity, it must remain a visible organizational priority—in other words, backed by the Chief Executive Officer (CEO). BEI results show that many companies give their head of diversity direct access to the top of the house. Of participating companies, 27% have their Chief Diversity Officer (CDO) or DE&I head reporting to the CEO. Most others report into the Chief Operating Officer, Chief Talent Officer, or Chief Human Resources Officer (CHRO).

Another way to keep momentum in equity work is through a CEO-led task force. More than 3 in 4 responding organizations (77%) have a DE&I task force. However, of those with a task force, only 10% are led by the CEO, and only 55% are led by someone in the C-suite. Task forces led by the most senior leaders have greater visibility within the enterprise, and signal company commitment to the work.

77%

of responding companies **have a DE&I task force**

Company task forces led by:

The CEO



Someone in the C-Suite





Employee resource groups (ERGs) for Black professionals are common (92% of respondent companies have them), but recognition and rewards for the ERG leaders who devote their energy to these initiatives vary widely.

When properly invested in, ERGs can also generate innovative DE&I and business practices. Those who take on ERG leadership contribute greatly to the organization. Some companies provide financial compensation to ERG leaders. Other companies provide ERG leads with recognition on company-wide emails and through networking opportunities. The most impactful approaches we noticed gave ERG leaders direct and recurring interaction with the company's CEO. Without this kind of meaningful visibility and acknowledgment, ERG leadership becomes tagged as merely a "volunteer activity."

Recommendations

- If possible, ensure your company's head of diversity reports into the C-Suite. Regardless of reporting lines, give DEI a seat on the company's operating committee. That way, they can build close relationships with top decisionmakers, securing DE&I as an organization-wide priority and galvanizing action.
- Ensure that the DE&I task force is led by a senior executive, and that its activities are shared and promoted among all staff (including the CEO, if the CEO isn't directly involved).
- To acknowledge the crucial role that ERGs play in shaping organizational culture and uncovering business opportunities, ERG leaders need to be sufficiently rewarded for their contributions. Pay, recognition, time during business hours, and visibility with senior leaders all send the right signals.



Sustainability

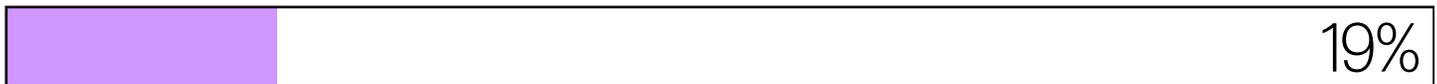
Hire and cultivate a pipeline of Black talent

While hiring can't be the only answer for improving Black representation, it is a crucial part of any Black equity strategy—and must be reviewed and reinvigorated over time. Companies aspire to hire Black professionals, and they are setting specific hiring targets, but few internal recruiters are evaluated on their success.

Almost all companies (92%) engage in diversity recruiting for entry-, mid-, and senior-level roles. And about 4 in 5 (81%) have diversity hiring targets for at least one role at their organizations.

But recruiters' performance evaluations only include a diversity element at half of companies surveyed, and recruiting Black candidates is only part of recruiters' performance evaluations at about one in five companies (19%). Companies with some of the highest sustainability scores have talent acquisition programs for Black executives.

Companies that include recruiting **Black candidates** in recruiters' performance evaluations



Recommendation

Set clear, ambitious targets for recruiting Black talent at all levels of the organization. Develop creative pipeline initiatives to help recruiters meet them. In addition to campus recruiting efforts, focus more on experienced and executive hires, understanding that competitive salaries *and* inclusive cultures are needed to attract and retain Black talent. And evaluate recruiters accordingly.



Many companies are focusing on recruiting Black talent at the early career and college level. A number of BEI participants have partnerships with historically Black colleges and universities to connect with entry-level and internship candidates. Some organizations deepen these partnerships by creating scholarships, and engage with Black recipients throughout their studies. One company connects scholarships to opportunities for employment after graduation.

While higher-education partnerships are crucial, companies can also expand hiring pools in the long run by partnering with schools. Only 27% of companies who participated in the BEI took efforts to establish a K-12 recruitment pipeline. One business works with partners like Black Girls Code and the National Urban League to engage Black youth through training and mentorship.

Recommendation

Companies can improve Black equity in the long run by partnering with schools, grassroots organizations, and nonprofit programs that serve Black youth, taking lessons from efforts to engage girls in Science, Technology, Engineering, and Math (STEM) fields.



Public engagement

Address social inequity beyond the corporate sector

One simple way companies can influence Black equity more broadly is by ensuring their suppliers prioritize Black equity as well. Surprisingly, 35% of participating organizations do not currently have a supplier diversity program. As a result, they likely lack a diverse supply chain of contractors, distributors, and other external parties who provide the goods and services that make their companies run.

An area where BEI participating companies are doing well: making good on financial commitments to advance equity in their communities. The quantity and quality of that engagement varies, and can be improved over time, but most companies are active in their communities. All 26 responding companies have either publicly or internally announced a commitment to racial justice, and 21 of them included a monetary component. Nearly all (92%) have partnered with organizations that serve the Black community.

35%

of participating companies **do not have** a supplier diversity program

Recommendation

If you don't have a supplier diversity program, create one. Ensure it is endorsed at the top of the organization and is given meaningful investment. Educate procurement teams. Study the program's successes and shortcomings to continually make it more effective.



Review of Recommendations

Make a big impact

The inaugural BEI results show us where companies are performing well on Black equity and where they can improve. For ease of reference, here is a recap of the ten recommendations made throughout this white paper. They are rooted in the BEI baseline findings, and in Coqual's many years of research and advisory work on equity, diversity, and inclusion.

- **Hold leaders accountable.**

It's encouraging to see many organizations holding leaders to account for inequities in Black employee experiences and career progress. Any organization that isn't yet making DE&I work part of performance evaluations for senior leadership should do so. Those who are already holding leaders accountable should build an assessment of inclusive behavior into performance expectations for all employees.

- **Advance Black professionals.**

Track promotions by race—and dig deeper with other cuts like gender and level of seniority—to identify where promotions are lacking, or where they're not awarded as frequently as they should be. Focus advancement efforts there.

- **Shore up board diversity.**

To build a pipeline of candidates to draw on, cultivate relationships with Black leaders early and often. Look beyond existing networks, and reconsider traditional playbooks for board candidacy.

- **Prioritize Black representation among people leaders and in core business roles.**

BEI data shows that representation is particularly lacking in those roles, which have outsized impact on your company's product and leadership pipeline.



- **Build diversity into the supply chain.**

If you don't have a supplier diversity program, stand one up. Evaluate it regularly and ensure top leaders back it to make sure you are working with Black suppliers.

- **Institute sponsorship programs.**

Goal-oriented sponsorship programs benefit Black professionals more than informal mentorship programs. Organizations should implement high-quality sponsorship programs, track their effectiveness, and continuously improve them so Black professionals brimming with potential get the leadership advocacy they deserve.

- **Put DE&I at the top of the house.**

If feasible, the head of diversity should report to the C-suite. Building close, trusting relationships with senior-most leaders is a powerful way to ensure that equity is an institutional priority.

- **Set targets to hire Black talent at every level.**

Evaluate recruiters based on their ability to meet hiring targets. In addition to campus recruiting efforts, focus more on experienced and executive hires, understanding that competitive salaries *and* inclusive cultures are needed to attract and retain Black talent.

- **Get C-suite representation on DE&I task forces.**

Ensure your company's DE&I task force is built for endurance and effectiveness by positioning a C-suite member as a leader or executive sponsor.

- **Reward ERG leaders.**

To recognize the crucial role they play, reward ERG leaders for their contributions. Pay, recognition, time during business hours, and visibility with senior leaders all send the right signals.

- **Deepen K-12 engagement.**

Companies should seize the opportunity to identify excellence early via sustained engagement with schools and youth organizations. The most effective partnerships go beyond donations, and include education, training, and mentorship programs.



The Future of Black Equity

Companies have made more commitments to Black equity than ever before. Coqual's BEI metric, developed based on years of research identifying the harms and realities of workplace inequity, identifies where companies are making progress, and where they can continue to improve. While much work remains, we see determination in the private sector to fight for Black equity in the workplace and beyond, and we're hopeful that sustained action and bold leadership will bring about lasting results.

The most positive takeaway from the inaugural BEI is this: many companies are trying hard to back up stated commitments with action. The first step towards a company's transformation is figuring out where it stands, today. The companies that stepped forward to participate in our first annual BEI were willing to take that hard look—and are newly empowered with this fresh analysis.

However, some equity programs are so new that companies aren't seeing a payoff in representation yet. This is another reason the annual BEI is valuable: if the numbers aren't moving, strategy needs to change.

For companies that haven't had a chance to participate yet, there will be more opportunities to join us in the future. This year is just the beginning for the BEI. As Black equity progresses—as research develops and best practices emerge—the BEI's analysis will expand, too.

Collaboration is a key component to improving DE&I practices in general, and Black equity practices in particular. The BEI provides an exciting new platform where leaders can come together to share new strategies and innovate together. We saw evidence of that this first year, and we're excited to see this community grow.

Working toward Black equity is challenging. It is an ever-evolving journey. The BEI guides organizations along that journey so that they can live up to the expectations of employees, clients, consumers, and investors, and can make good on their commitments to Black communities.



2022

Methodology

The Black Equity Index is based on a survey that was fielded online between December 2021 and January 2022.

Twenty-six companies from a range of industries (including technology, financial services, professional services, energy and utility firms, and life sciences) volunteered to participate. Together, they employ some 230,000 people in the US, and over 700,000 people globally.

The survey, data collection, and analysis were conducted by Coqual, a nonprofit research organization.

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*Companies that funded the building of the BEI

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