

INTERSECTIONAL PEER EFFECTS AT WORK: THE EFFECT OF WHITE COWORKERS ON BLACK WOMEN'S CAREERS

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Coworkers play a significant role in shaping individuals' experiences at work, yet there is little research on how coworkers might affect the career trajectories of people of color. In collaboration with a large professional services firm, we use data on more than 9,000 new hires to explore whether and to what extent there are racial differences in overall promotion and turnover rates. We then investigate how the racial makeup of initial project teams affects these employee outcomes, focusing specifically on intersectional effects.

CONTEXT

Despite widespread attention for decades, the underrepresentation of people of color in high-wage jobs, especially in leadership roles, remains a significant problem. While people of color make up about 38 percent of the workforce, they hold only 29 percent of professional positions and an even smaller fraction of management roles.¹ Considerable research has documented how hiring biases contribute to this gap,^{2,3} but comparatively less attention has been paid to individuals' outcomes after they are hired—namely, how within-firm practices may drive differences in retention and promotion based on race and gender.

In this study, we focus on one potentially critical factor that may influence individuals' career trajectories: coworkers. Coworkers have been shown to affect employees' productivity⁴ and feelings of belonging at work,⁵ and they also serve as resources for knowledge transfer and networking.⁶ In knowledge-intensive professional services firms, coworkers can be particularly influential since project staffing is often determined by an informal process that is based, in part, on intraorganizational relationships and managers' personal preferences.⁷ Yet, there is little evidence as to how the impact of coworkers might differ for women and men of color in an industry in which more than 75 percent of employees are White.⁸

KEY TAKEAWAYS

- 1 Overall, Black employees at a large professional services firm are 32 percent more likely to leave within two years and 26 percent less likely to be promoted on time than their White counterparts.
- 2 Black women on teams with more White coworkers have lower retention and on-time promotion rates than those with fewer White coworkers.
- 3 Effects are consistent with intersectionality research: neither White women nor other employees of color experience negative effects similar to those faced by Black women.

RESEARCH

In collaboration with a large professional services firm—hereafter referred to as ProfServ—we studied the outcomes of 9,037 new hires over a seven-year period (2014–2020) to answer this question: Does having more White coworkers early in their career influence the retention and/or promotion of Black, Asian, and Hispanic women and men?

ProfServ serves as a useful case study for several reasons. As an elite, knowledge-intensive firm, ProfServ reflects the industry in many ways: Recruitment is highly competitive, average salaries are high, and work is organized in teams that vary in size and duration. Importantly, the race and gender composition of ProfServ’s workforce is similar to that of the industry as a whole, which is characterized by an overrepresentation of White and male employees in leadership positions. Crucially, inexperienced new hires are assigned to projects according to formal human resources procedures that make their initial team assignments—and thus the racial composition of their initial set of coworkers—as good as random, which allows us to evaluate the causal impact of team composition on individual employee outcomes.

To evaluate the impact of initially having more White coworkers, we used administrative data and data on project team assignments to calculate the share of White coworkers each new employee worked with across projects in their first three months at ProfServ. We then examined effects on two important outcomes in new hires’ early careers:



Turnover, measuring whether or not an employee left the firm within two years of their hire date



Promotion, measuring whether or not an employee was promoted within two and a half years of their hire date, in line with expected promotion cycles

In order to contextualize our findings, we conducted a series of qualitative interviews with ProfServ employees. Based on what we learned in these interviews, we also explored how the racial makeup of an individual’s initial team affects additional outcomes, including performance evaluations, work assignments, and engagement.

WHAT WE FOUND

1

Overall, we identify large turnover and promotion gaps between Black employees and their White counterparts. Black employees are 32 percent more likely to exit the firm within two years of hire than their White counterparts and 26 percent less likely to be promoted on time. These gaps in early career attainment are especially stark among women: Black women are 51 percent more likely to leave and 26 percent less likely to be promoted on time than White women, who have the lowest turnover rate (17.5 percent) and highest on-time promotion rate (76.8 percent). In contrast, Hispanic women and men—a group similar in size to Black new hires—have retention and promotion rates similar to those of their White colleagues.

2

The share of their coworkers who are White—and, particularly, who are White men—meaningfully and significantly impacts Black women’s career outcomes. A 10 percentage point (pp) increase in the share of White coworkers is associated with a 4.6 pp increase in turnover among new Black employees. The impact on Black women is even stronger: 7.6 pp (see Figure 1). And while the share of White coworkers does not significantly affect Black employees’ on-time promotion on average, it does have a significant and negative effect for Black women specifically: a 10 pp increase in the share of White coworkers is associated with a 5.5 pp decrease in Black women’s likelihood of on-time promotion (see Figure 2). **These intersectional effects on Black women’s careers are distinct: no other racial or gender groups are significantly affected by having a greater share of White coworkers on their initial project teams.**

While the shares of White men and White women coworkers both impact the likelihood that Black women—and only Black women—exit the firm, the effect of White men coworkers is nearly twice as large as that of White women coworkers.

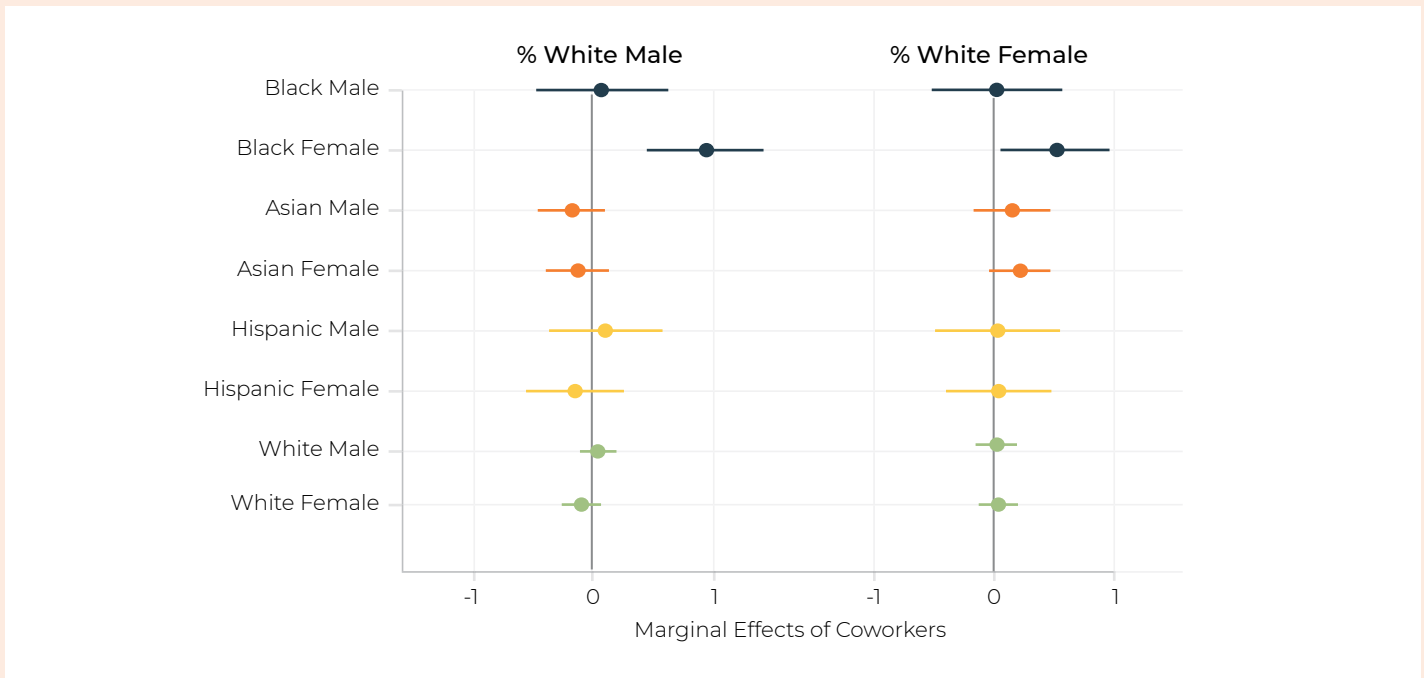
POSSIBLE CAUSAL PATHWAYS

Using additional data and qualitative interviews with ProfServ employees, we identify potential pathways that might explain why the share of White coworkers across Black women’s initial set of projects influences their subsequent retention and promotion. **We find that Black women with Whiter project teams are much more likely to be labeled “low performers” in performance evaluations, and they report more training hours and have fewer billable hours per month—all factors that are linked to higher turnover and lower promotion rates.**

Our qualitative interviews of Black female employees corroborate these findings. Many expressed frustrations with the performance review process, citing their opacity and lack of constructive feedback as barriers to promotion. Others highlighted how access to visible, high-priority projects was often susceptible to the influence of coworkers—with one interviewee remarking that “people of color sit on the bench longer than their White counterparts.” Although related literature and interviews suggest that employee engagement may be another factor impacted by having Whiter teams, we find no evidence from survey data that Black women on Whiter teams are less engaged than those with fewer White coworkers.^{9,10}

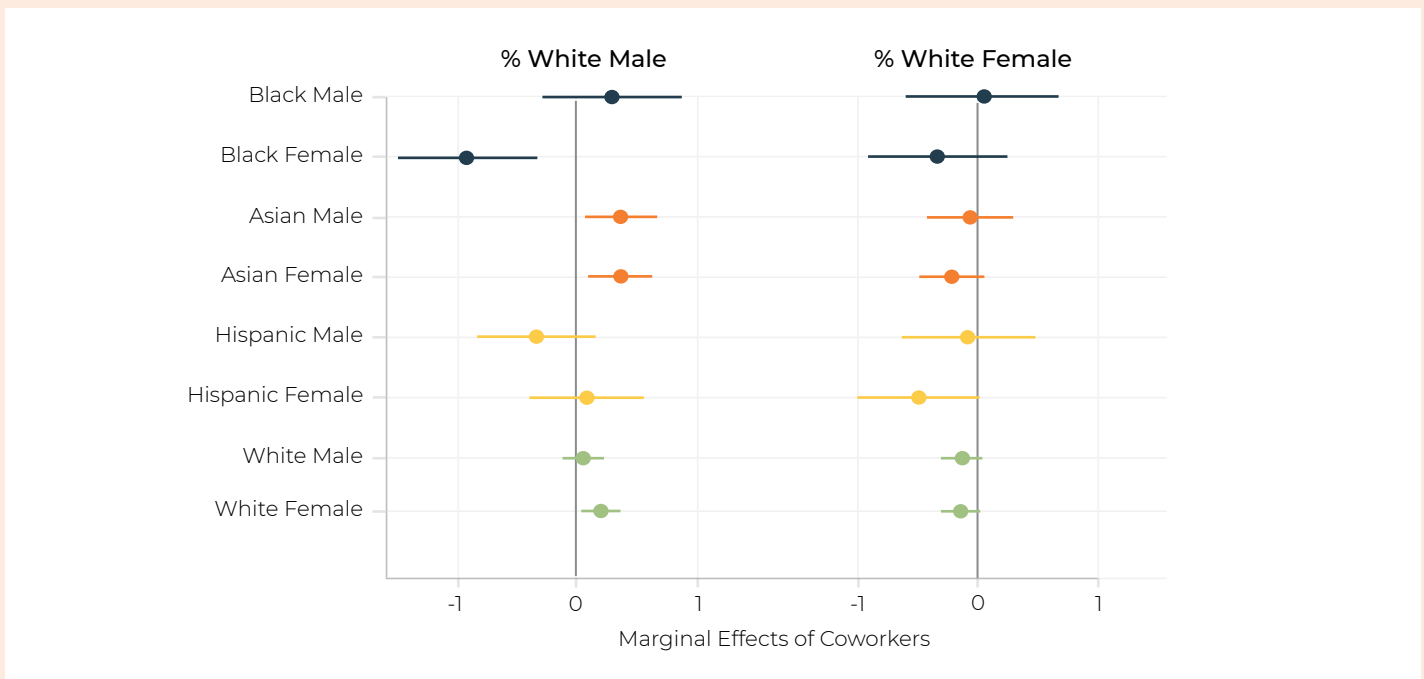


FIGURE 1
Marginal Effect of White Coworkers on Turnover



Note: Each point shows the marginal effect (in percentage points) of a 1 pp increase in the share of White male or White female coworkers on the turnover rate of the group corresponding to that row. Bars reflect 95% confidence intervals.

FIGURE 2
Marginal Effect of White Coworkers on Promotion



Note: Each point shows the marginal effect (in percentage points) of a 1 pp increase in the share of White male or White female coworkers on the on-time promotion rate of the group corresponding to that row. Bars reflect 95% confidence intervals.

WHAT'S NEXT

In a study of 9,037 inexperienced new hires in a professional services firm, we explore whether and how the early career trajectories of employees of color are impacted by the share of White coworkers in their initial project teams. We find that for Black women—and Black women only—having more White coworkers in their first three months is associated with significantly higher turnover and lower rates of on-time promotion, and that these effects may be driven by differences in subjective performance evaluations and work assignments. These findings reframe our understanding of Black women's career outcomes as originating in a set of early interactions with White coworkers and highlight the role that seemingly neutral organizational staffing practices play in producing distinct disadvantages. Future studies could leverage this insight to test interventions—such as random, rotational, or skills-based work assignment mechanisms—that build more inclusive workplaces.

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