RESEARCH PERSPECTIVES ON RACE AND EMPLOYMENT IN THE ADVERTISING INDUSTRY

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Executive Summary

Research Perspectives on Race and Employment in the Advertising Industry

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African Americans have worked in advertising since the modern American advertising industry emerged more than 100 years ago. Yet as employment discrimination has sharply diminished across the American labor market over recent decades, systemic barriers to equal opportunity in this $31 billion a year industry have remained largely intact. This report presents multiple measures of how Black professionals and managers are treated compared to Whites with similar qualifications. Across these measures, the Black–White gap averages 38% larger in advertising than in the overall U.S. labor market. The divergence between racial equality in this industry and the rest of the labor market is more than twice as large today as 30 years ago.

- Earnings provide one important measure of the industry's unequal treatment of African Americans. Black college graduates working in advertising earn $.80 for every dollar earned by their equally-qualified White counterparts. Blacks would need to be paid 25% more to earn what Whites earn with the same qualifications. This racial pay gap is more than twice as large in advertising as in the overall labor market.

- Data from the U.S. Census Bureau and U.S. Equal Employment Opportunity Commission estimate the expected representation of African Americans at 9.6% of advertising managers and professionals. The current 5.3% representation reaches only 55% of that benchmark, and eliminating this shortfall would require hiring or promoting 7,200 additional Black advertising professionals and managers.

- Eliminating discrimination would also require that African Americans be employed throughout the industry rather than segregated into less powerful, lower paid positions. Currently, stereotype-based perceptions by industry managers that African Americans have only race-related expertise continue to limit their work assignments largely to those targeting Black consumers. African Americans are often excluded from "general market" agencies and find work only in agencies specializing in "ethnic markets." About 16% of large establishments in the industry employ no Black managers or professionals, a rate 60% higher than in the overall labor market.

- Blacks are only 62% as likely as their White counterparts to work in advertising agencies' powerful "creative" and "client contact" functions and only 10% as likely to hold a position paying $100,000 or more per year. Such occupational segregation currently affects 3,500 (40%) Black professionals and managers employed in the industry.

Many of the changes needed to eliminate such racial differences would have to occur in the agencies owned by the giant globe-spanning holding companies -- such as Omnicon, WPP, Interpublic, and Publicis -- which dominate the advertising industry.

Since the 1960s, these and other leading advertising firms have faced sporadic public pressure to address these disparities. The industry's primary response has been extremely modest expansions in training and entry-level hiring -- for example, a handful of minority internships in firms with tens of thousands of employees. These token efforts contrast sharply with the scale of under-utilization just described. Eliminating the industry's current Black-White employment gap would require tripling its Black managers and professionals -- which, at the present rate, will not occur for another 71 years.

However, the fundamental deficiency of advertising agencies' current equal opportunity efforts is not their size but their implicit assumption that the cause of Black under-representation is insufficient "qualified" African Americans job seekers. Initiatives to "expand the pipeline" of African Americans seeking positions in advertising through scholarships, internships, and entry-level hiring simply increase the already-substantial number of well-prepared Black job aspirants the industry currently ignores. These "pipeline" initiatives have been allowed to substitute for action against the industry's fundamental problem: persistent unwillingness by mainstream advertising agencies to hire, assign, advance, and retain already-available Black talent. That unwillingness, in turn, reflects an industry culture where pervasive bias, both conscious and unconscious, creates systemic barriers to inclusion for African Americans. In 1978, the New York City Human Rights Commission found that limited minority employment "was not simply the result of neutral forces, but emanated directly from discriminatory practices." Those practices continue today.

Substantial, permanent change in industry racial patterns will require fundamentally transforming the workplace culture of general market advertising agencies. Agencies must:

- root out "demographics is destiny" stereotyping whereby individuals' race, rather than their abilities, determines their employment potential;

- reform human resources practices in which personal relationships and social comfort often outweigh job performance; and

- eliminate obsolete market segmentation assumptions that racial minorities lack skills applicable to non-ethnic markets.

Such fundamental changes in the advertising industry's workplace culture will require sustained commitment by advertising agencies, especially their top management. Most employers make this commitment only when forced by substantial, sustained external pressure. Sporadic, poorly-designed government oversight over multiple decades has failed to provide that pressure, creating the need for fresh approaches. One promising new strategy is to incite advertising agencies' powerful clients to insist on compliance with the clients' commitment to equal opportunity. Another promising approach is large-scale anti-discrimination litigation.

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I. Introduction and Overview[1]

> *I was seated across from the owner of an agency as a phone call was being concluded. The caller was an executive recruiter and the conversation dealt with the experience and qualifications for an account manager. "Oh, one more thing," the ad exec said into the phone. "No blacks or Hispanics." The call was concluded, and our eyes met. "The client wouldn't like it," was the explanation given to me. …No follow-up explanation was required by the recruiter.*
>
> *Blogger Scott G.*[2]

Advertising is "strategic communication that aims to accomplish something -- to create impact, by which we mean a certain consumer response, such as understanding information or persuading someone to do something."[3] In that role, it importantly shapes social attitudes as well as individuals' behavior in our consumer-driven economy. At the same time, advertising mirrors our society, reflecting and reinforcing its values and attitudes. "For what is carried in and with advertising is what we know, what we share, what we believe in. It is who we are. It is us."[4]

On few subjects has the industry's inter-twined relationship with American society been as controversial as race, where the advertising industry has long been accused of perpetuating unfavorable images of racial and ethnic minorities. This important issue has been examined extensively in other research.[5]

The present paper addresses a different, though related, subject: employment opportunities for African Americans in the industry itself, especially in professional and managerial positions. In 2007, the U.S. advertising industry generated more than $31

[1] This paper was sponsored by the Madison Avenue Project. We have benefitted from comments by Janelle Carter, Angela Ciccolo, Victor Frazer, Eric Hauser, Cyrus Mehri, Anna M. Pohl, and Sanford Moore, as well as data analysis by Louis Lanier, John J. Miller, and Samuel Zivin. However, the authors alone are responsible for all findings and conclusions.

[2] Scott G. (2006). (Citation details are provided in References at the end of this paper.)

[3] Moriarty et al. (2009), p. 9.

[4] Twitchell (1996), p. 4. See also Moriarty et al. (2009), p. 95.

[5] For example, Bang and Reece (2003), Chambers (2008), Coltrane and Messineo (2000), Entman and Rojecki (2001), Manring (1998), Mastro and Stern (2003), and Williams, Lee, and Haugtvedt (2004).

billion in revenues and employed about 167,000 professionals and managers. Civil rights advocates and government agencies, as well as Black job seekers and employees, have long complained that African Americans face serious barriers to hiring and advancement in the industry. For example, as Chapter V will discuss, these complaints have been prominently expressed in intermittent hearings before the New York City Human Relations Commission from the 1960s through the present.

Drawing on labor economics, social psychology, organizational behavior and business analysis, the present paper offers research perspectives on these allegations. It first examines whether race discrimination in employment operates in the industry today, answering that question resoundingly in the affirmative. Empirical research findings in support of this conclusion include an estimated 7,200 African Americans "missing" from the industry's managerial and professional ranks, an estimated 3,500 Black managers and professionals in the industry experiencing occupational segregation, and an estimated earnings "penalty" of about 25% for African American employees compared to equally-qualified Whites. On multiple employment measures, our empirical findings document African American utilization at less than half the expected levels.

After describing current racial under-utilization in the industry, the paper considers alternative strategies for changing these employment outcomes. Based on social science research as well as the history of the industry itself, we argue that the predominant strategies relied upon to date fundamentally misdiagnose the problem to be addressed. Industry initiatives have largely sought to "expand the pipeline," using small-scale scholarships, internships, and entry-level hiring to increase slightly the likelihood of finding African Americans considered "qualified." Although these efforts are not harmful, they are largely irrelevant because, at both entry levels and more senior levels today, substantial numbers of African Americans are already available with skills, abilities, and aspirations equivalent to the Whites who are being hired.

Black under-utilization in the advertising industry primarily reflects not deficiencies in the number or qualifications of African American job aspirants but the persistent unwillingness of "mainstream" advertising agencies to hire, assign, advance, and retain the Black talent already available. That failure, in turn, reflects an industry culture in which deeply-embedded racial bias, both conscious and unconscious, creates systemic barriers to inclusion for African American employees. Fundamental changes in that culture and the human resource management practices perpetuating it are the only way to alter the present under-utilization of Blacks substantially and permanently.

In reaching these conclusions, we begin in Chapter II by sketching the structure of the advertising industry and in Chapter III by describing managerial and professional employment within it. Chapter IV then measures the gaps between the current utilization of African Americans in the industry and their expected utilization. Chapter V reviews the history of efforts to "enhance the pipeline" as a response to this under-utilization, and Chapter VI describes a different approach -- changing the industry culture of exclusion to one of inclusion -- as more likely to foster the equal employment opportunity which continues to elude the industry today. Finally, Chapter VII considers three strategies for triggering the needed changes.

Although this paper focuses on African Americans, the same issues of employment bias in the advertising industry simultaneously affect other “outgroups” -- race-ethnic minorities such as Latinos and Asians; women; older workers; persons with disabilities; and even White males who do not share the cultural or stylistic characteristics of the White males who dominate the industry. These other groups would benefit alongside African Americans from a reformed, inclusive advertising industry culture. This broad potential enhances the urgency of addressing the problems raised in this report -- and addressing them in effective ways.

II. The Advertising Industry

> *Though these agencies are enormous in terms of their global impact, they are small shops politically. They appear to be close knit families. They hire from among their own.*
>
> *Sheldon Fisher, Chair of the Diversity Recruitment Subcommittee, American Association of Advertising Agencies*[6]

In the U.S., the advertising industry in its contemporary form first emerged toward the end of the Nineteenth Century. Advertising agencies developed in that era in parallel with large retailers (such as Sears Roebuck), recognizable consumer brands (such as Ivory Soap), and mass-audience media (first, newspapers and magazines, then radio).[7] The first firm in America resembling a modern advertising agency, N.W. Ayer, opened in 1869, and many of the firms which are today's industry giants were founded during the next half century -- for example, J. Walter Thompson in 1888, BBDO in 1928, and Leo Burnett in 1935. The success of the government's Committee on Public Information in garnering public support for World War I further convinced American corporations of advertising's potential to shape public attitudes and behavior; between 1918 and 1920 alone, U.S. annual advertising expenditures doubled, from $1.5 billion to almost $3 billion.[8]

For the first three-quarters of the Twentieth Century, advertising firms tended to be single agencies with single names. Since that time, the growing internationalization of the industry and expansion of the range of media through which advertising is disseminated have encouraged development of more complicated organizational structures. To understand these structures, it is useful to examine these firms from several points of view: the structure of ownership and inter-firm linkages, how firms in the industry make money, and how they produce their services.

[6] Sanders (2006), p. 2.

[7] History Matters (2008). See also Duke University Libraries (2008).

[8] Chambers (2008), p. 28.

Agency Structure and Ownership

In 2007, U.S. annual revenues from advertising and related services totaled more than $31 billion dollars (see Table 1).

Table 1
Revenues of U.S. Agencies from Marketing Communications Activities, 2007 [9]

Activity	U.S. $ billions	%
Advertising	$11.6	37.2%
Media	4,9	15.7
Subtotal Advertising & Media	16.5	52.9
Direct Marketing	3.4	10.8
Promotion	2.3	8.0
Digital	3.4	10.8
Healthcare	2.3	7.2
Public Relations	3.2	10.3
Subtotal Marketing Services	14.6	47.1
Total	**$31.1**	**100%**

Since the 1980s, the firms leading both the U.S. and the global industries in producing these services have tended to evolve a similar ownership structure. Numerous mergers and acquisitions have led to extensive, world-wide consolidation of firm ownership. Through these processes, a small number of very large holding companies, each owning or controlling numerous advertising agencies, networks of agencies, and agency "brands" have emerged as dominant forces within the industry. Concurrently, these firms have spun off many specialized in-house departments as separate subsidiary agencies.

At the top of this structure are major global holding companies or "groups," most notably the "Big Four" of Omnicom, WPP, Interpublic and Publicis (See Table 2). Each of these four firms owns or controls multiple operating agencies around the world, including not only traditional advertising agencies but also media-buying companies, research firms, internet specialists, public relations agencies, event planners, branding consultants and more. The holding companies themselves focus on corporate strategy and delegate day-to-day advertising work to their operating subsidiaries.

[9] Advertising Age Data Center (2008c).

Table 2
The 10 Largest Advertising Holding Companies
Worldwide, Ranked by Revenue, 2007 [10]

Rank	Holding Company	World Head-quarters	Worldwide Revenue (U.S. $ millions)	U.S. Revenue (U.S. $ millions)	World-wide Employment	U.S. Employment
1	Omnicom Group (BBDO)	New York	$12,694	$6,704	70,000	---
2	WPP Group (Young & Rubicam)	London	12, 383	4,538	90,182	---
3	Interpublic Group (McCann Erickson)	New York	6,554	3,650	43,000	19,000
4	Publicis Groupe (Saatchi & Saatchi)	Paris	6,384	2,681	43,808	14,369
5	Dentsu	Tokyo	2,932	67	16,765	297
6	Aegis Group	London	2,215	512	15,077	2,311
7	Havas	Suresnes, France	2,094	691	14,438	3,637
8	Hakuhodo DY Holdings	Tokyo	1,392	NA	8,310	---
9	MDC Partners	Toronto/ NewYork	547	439	6,561	--
10	Alliance Data Systems (Epsilon)	Dallas	469	440	2,013	1,826
	TOTAL	--	$47,664	$18,013	310,154	--

[10] Advertising Age Data Center (2008c). See also Advertising Age Data Center (2008a) and Advertising Age Data Center (2008b).

Consider, for example, the first firm listed in Table 2, Omnicom Group. To generate its $12.7 billion in world-wide revenues in 2007, Omnicom employed 70,000 people in more than 800 separate offices or subsidiaries, as follows:[11]

- Global Advertising Brands
  - BBDO Worldwide (287 offices in 79 countries)
  - DDB Worldwide (200 offices in 90 countries)
  - TBWA\Worldwide (239 offices in 75 countries)
- National Advertising Companies
  - Arnell Group
  - Elements 79 Partners
  - Goodby, Silverstein & Partners
  - GSD&M Idea City
  - Martin/Williams
  - Merkley & Partners
  - Roberts & Tarlow
  - Zimmerman Advertising
- Media Services
  - OMD
  - PHD
  - Prometheus
  - Full Circle Entertainment
  - Icon International
  - Novus Print Media Network
  - OMG Outdoor Media
  - Resolution Media
  - Singer Direct
- Customer Relationship Management
  - Branding consultants (12 firms)
  - Direct marketing (8 firms)
  - Field/channel marketing (6 firms)
  - Entertainment, event & sports marketing (9 firms)
  - Interactive services (4 firms)
- Specialty Communications
  - Directory advertising/yellow pages (1 firm)
  - Recruitment communications (2 firms)
  - Financial/corporate business-to-business advertising (1 firm)
  - Healthcare (20 firms)
  - Multicultural marketing (4 firms)

In Table 2, the tier of firms below Omnicom and the other "Big Four" firms consists of holding companies such as Havas, Aegis, and Dentsu. Like the "Big Four," each of these firms controls multiple brands and offers a range of marketing communications services. However, with revenues of hundreds of millions of dollars

[11] See www.omnicomgroup.com.

per year rather than the multiple billions generated by the "Big Four," these are "mid-size" holding companies by industry standards, and their geographic reach and range of services are somewhat more limited than the "Big Four."

Together, the 10 firms listed in Table 2 account for $18 billion in U.S. revenues, 58% of the total U.S. marketing communications revenues reported in Table 1.

Below the scale of these firms, the U.S. industry includes several thousand smaller firms, as well as thousands of self-employed individuals. Table A-1 at the end of this paper lists the 100 largest (by world-wide revenue) firms in the industry; the frim ranked 100 on this list reported annual revenues of $179 million per year and about 100 employees.[12] The industry directory *Advertising Redbooks* lists 2,412 U.S.-based agencies with at least 20 employees.[13] Some 67.8% of all establishments in the U.S. industry have fewer than five employees, but together these firms account for only 10.3% of industry employment.[14]

How Advertising Work Gets Done

An advertising agency is a company whose main role is to develop and deliver marketing concepts for its client firms. Agencies create and implement marketing communication for distribution through TV, radio, print, the internet and other media, often as part of a unified multi-media campaign to promote a company's brand or products. In hiring an advertising agency rather than producing its own advertising, client companies typically are seeking the agencies' specialized services, objective advice, experienced staff, and coordinated management of all advertising activities.[15]

Traditional advertising agencies generally focus on advertisements addressing mass markets through four major media: television, print, radio and public displays. These activities are referred to as "above the line marketing," meaning that they generate commissions for the advertising agency when the agency contracts for advertising space or broadcast time on behalf of their clients. In contrast, "below the line" advertising

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[12] Employment counts in Table A-1 should be interpreted with care because they include considerable double-counting. For example, the table lists both the Omnicom Group (rank 3, with 70,000 employees) and many of its subsidiaries, such as GSD&M Idea City (rank 11, 710 employees), DDB Worldwide Communications Group (rank 13, no employee count), Zimmerman Advertising (rank 17, 1,000 employees), and Goodby, Silverstein & Partners (rank 21, 300 employees).

[13] www.redbook.com, visited October 13, 2008.

[14] U.S. Department of Labor (2008a), p. 3. These figures do not distinguish small establishments which are independent from those which are part of larger holding companies. However, the majority of very small firms are independent.

[15] Moriarty et al. (2008), pp. 51, 55.

employs promotional methods -- such as catalogues, direct mail, telemarketing , or trade fairs -- which remain under the clients' control and do not generate commissions for the advertising agency. For "below the line" advertising services, agencies are compensated through retainers and fees.[16]

Advertising agencies tend to be organized to match the strategic and geographic needs of their client firms:

- Worldwide networks. Global clients such as The Coca Cola Company might seek a consistent or similar advertising message across a large number of countries. To serve their needs, agency groups such as those listed in Table 2 offer large networks of local offices operating under a world-wide advertising brand. About 14 of these networks operate today, owned by companies such as BBDO, McCann Erickson, Leo Burnett, and Saatchi & Saatchi. For example, as discussed above, Omnicom operates three large networks: BBDO Worldwide (with 17,000 employees in 287 offices in 79 countries), DDB Worldwide (with 14,000 employees in 200 offices in 90 countries), and TBWA\Worldwide (with 8,300 employees in 239 offices in 75 countries).

- Micro-networks or multi-hub creative networks. Other client firms may seek more tailored, specialized advertising services, especially creative ones. Their needs are often met by smaller networks of agencies, typically with four or five worldwide offices. An example of this form of organization is Bartle Bogle Hegarty Limited, which is ranked 20th in Table A-1 and has 500 employees.

- Stand-alone companies. Client firms seeking specialized services or distinctive approaches, especially creative ones, may also turn to agencies which are not part of such networks and usually focus on a single country. These firms may be independently owned, or they may be part of a holding company group.

Larger advertising agencies are usually "full-service," meaning that they provide four principal advertising services: account management, creative services, media planning and buying, and account planning/research. These agencies also typically have a traffic department to track projects internally, facilities for broadcast and print production (often located within the creative department), and "overhead" departments such as accounting and human resources. Some full service agencies seek to serve a broad range of target audiences (such as multicultural, youth, or high income), client industries and products (such as consumer goods, health care or information technology), and demographic markets (such as African Americans, Asians, or Hispanics). Other agencies specialize in some subset of these ranges.

In contrast to full service agencies, "creative boutiques" are advertising agencies that are usually small (typically, a staff of fewer than a dozen) and concentrate entirely on preparing creative products. Accordingly, their professional and managerial employees

[16] Business Dictionary (no date). Arens (2002) provides a glossary of advertising terms.

are primarily writers and designers and do not include media planners and buyers. These firms may work directly for client companies, or they may be retained by full service agencies to handle specialized projects or overflow work.

Several other types of firms also provide advertising services:

- "Media agencies" play the opposite role from creative boutiques. They do not have creative departments but concentrate on delivery of advertisements created by others. Their main functions are media planning -- deciding where advertisements should be placed -- and media buying -- negotiating with media owners concerning availability and price. As discussed above, many larger agencies have spun off their media departments as separate subsidiaries, thereby seeking economies of scale in media buying and encouraging more "media-neutrality" in deciding on the best medium for the client's message.

- Like media agencies, "marketing services agencies" primarily implement advertising and promotion concepts developed by other agencies. However, their focus is adapting these concepts to specialized promotional methods such as catalogues, direct mail, promotional events, telemarketing, trade fairs, public relations, brand-funded entertainment, product placements in entertainment media such as films, or industry-specific communications channels.

- With development of the internet, cell phones, and other new communications technology as major advertising media, a new group of larger, often global marketing services agencies has emerged. They tend to specialize in interactive messages targeting individual consumers rather than one-way messages disseminated through mass media. These firms are sometimes referred to as "through the line" marketing agencies.

- "In-house agencies" are departments within a producer or seller firm which performs some or all tasks which otherwise would be contracted to outside advertising agencies. One common reason for keeping these services in-house -- which might typically apply for a large retailer such as a department store chain -- is to control advertising costs. A second reason -- which might apply to a high-fashion apparel producer -- is to maintain creative control of their brand image.

Today's advertising agencies increasingly work with emerging media such as cable television, internet and cell phones, whereas in earlier eras, their emphasis was on network television, radio, magazines, and newspapers. By continually evolving to work with different communications technologies, the industry has avoided the employment shrinkage which specific forms of media, such as newspapers, currently face. In fact, over the 2006-20016 decade, employment in the U.S. advertising industry is forecast to grow 1.4% per year, 27% higher than the growth rate projected for the overall U.S. economy.[17]

Racial Market Segmentation

Issues of race and employment in this industry also require understanding the industry's approach to the African American market.

Even before the 1896 Supreme Court's *Plessy v. Ferguson* decision formalized the legal basis for racial separation in American society, the second half of the Nineteenth Century witnessed widespread emergence of *de facto* racial segregation in many aspects of American social and economic life. Under these arrangements, African Americans tended to own, operate and patronize racially-separate retailers, churches, banks, and newspapers. In parallel, from the earliest years of the modern U.S. advertising industry, consumers, advertising messages, and advertising communications channels tended to be strongly separated along racial lines.[18]

However, the economic potential of the African American market was temptingly large, and it continued to increase throughout the first half of the Twentieth Century. The "Great Migration" of millions of African Americans from rural areas of the South to large, geographically-concentrated neighborhoods in Northern urban centers such as Chicago, Detroit, and New York particularly enhanced recognition of Black consumer purchasing power. To tap this market, as early as the 1920s, American manufacturing and distribution firms were hiring sales forces to reach African American consumers.[19] However, adopting the racial separation which characterized many approaches to the African American community in that era, these sales efforts were staffed almost entirely by African Americans, and "both blacks and Whites argued consistently that the racial consciousness of African Americans mandated the need for black sales agents to be used to reach them."[20]

By the end of World War II, the Black consumer segment was widely perceived by large American manufacturers and distributers to be an "urban, brand conscious group that made them a compact target for advertising and marketing campaigns."[21] Advertising agencies owned and operated by African Americans emerged in response to

[17] U.S. Department of Labor (2008a), p. 7. See also U.S. Small Business Administration (no date).

[18] Chambers (2008), chapter 1.

[19] Chambers (2008), p. 61. One prominent example is the Fuller Brush Company, starting in 1922.

[20] Chambers (2008), pp. 54-55.

[21] Chambers (2008), p. 54. See also Morris (2007).

growing demand for advertising services targeting this market. Expanding beyond their initial client base of African American-owned manufacturing and distribution firms, these agencies increasingly found work as conduits to Black consumers for mainstream firms from auto manufacturers to consumer products. The "Golden Age of Black Advertising" between 1965 and 1975[22] reflected the confluence of expanding attention to African American consumers and lack of expertise in this market within "general market" advertising agencies.

Table 3 lists the 15 largest advertising firms today which are historically Black-owned. Together, the firms in the table reported $2.2 billion in revenues in 2007 and 1,145 employees. However, firms under Black ownership no longer exclusively command the market for advertising that targets African American consumers. Several of the largest traditionally Black-owned firms are now subsidiaries of the industry-dominating holding groups discussed previously.[23] Furthermore, Table A-2 lists the 50 largest agencies listed in the *Advertising Redbooks* as serving the African American market. These 50 include many firms not historically Black owned.

No reliable figures are available concerning the number of Black advertising professionals and managers employed in firms specializing in the African American market. Our best estimate places this number at about 1,500.[24]

Although *de facto* segregation of African American markets largely brought Black-owned advertising agencies into existence, it concurrently limited their business potential. Under historic separations along racial lines, the market for these agencies was confined to an "economic detour" from the general market for advertising services.[25] Some historically Black agencies have recently aspired to work in the general market for advertising services.[26] However, the legacy of racial separation has made this transition

[22] Chambers (2008), chapter 5.

[23] For example, Publicis bought 49% in Burrell in 1999, and WPP Group acquired 49% of UniWorld in 2000.

[24] The firms in Table 3 report total employment of 1,145. Column (h) of Table A-2 identifies five additional firms, with 872 total employees, which are not in Table 3 but report African Americans as their only demographic specialty. Together, these two groups of firms have 2,017 employees. Based on row (7) of Columns (g) through (k) of Table A-8, we assume that professionals and managers account for 53.9% of all advertising agency employees. Therefore, 2,017 total employees can be estimated to include about 1,100 professionals and managers. The 1,500 figure rounds this figure up modestly to account for firms missed from the two lists.

[25] Davis (2002).

[26] Among the agencies in Table 3, Burrell is an example of a firm aggressively pursuing this broader role. Other agencies in the table -- e.g, Global Hue -- have redefined their expertise as "multi cultural," meaning African Americans and other race/ethnic minorities such as Latinos and Asians.

Table 3
The 15 Historically Black Owned Advertising Agencies
With the Largest Billings, 2007 [27]

Rank	Agency	Founded	Location	Annual Billings (U.S. $ millions)	Employees
1	GlobalHue	1988	Southfield, MI	$720	300
2	Carol H. Williams Advertising	1986	Oakland, CA	345	155
3	UniWorld Group	1969	New York	243	146
4	Burrell Communications	1971	Chicago	205	135
5	Sanders Wingo Advertising	1983	El Paso, TX	90	72
6	Images USA	1989	Atlanta	72	45
7	Prime Access Inc.	1990	New York	71	44
8	Muse Communications, Inc.	1985	Hollywood, CA	71	45
9	Matlock Advertising	1986	Atlanta	57	35
10	FUSE	1997	St. Louis	55	23
11	Footsteps	2000	New York	54	30
12	Equals Three Communications	1984	Bethesda, MD	47	34
13	Anderson Communications	1971	Atlanta	45	15
14	R.J. Dale Advertising	1979	Chicago	44	26
15	E. Morris Communications	1987	Chicago	41	40
	Total			$2,157	1,145

exceedingly difficult. Even African American-based agencies which have become part of large holding companies have usually continued to be used primarily for "ethnic specialist" assignments such as adapting and delivering to African American consumers advertising messages developed and controlled by other advertising agencies.[28]

[27] Black Enterprise (2008). See also Harris (2008).

[28] Chambers (2008), chapter 2.

III. Professional and Managerial Jobs in the Industry

> *I want to hire smart, interesting, funny, witty people who can make smart, interesting, funny, witty ads. … Only a portfolio shows us how smart, interesting, and witty you really are.*
>
> *Deanne McClean, Senior Vice President,*
> *Creative Recruiter, DDB Chicago* [29]

Today, managerial and professional employees in the advertising industry number approximately 167,000.[30] This chapter briefly sketches the jobs encompassed within these categories, the advantages and disadvantages of these jobs, and the qualifications job seekers typically possess to obtain them.

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[29] Chicago Portfolio (2008).

[30] Published employment data imperfectly match the advertising managerial and professional employment on which this paper focuses. The 167,000 figure is the average of estimates derived from three published sources:

- According to row (1) of Table A-5, the U.S. Census Bureau reports the number of Advertising and Promotions Managers in 2007 as 77,000. This figure includes persons employed in the advertising industry as well as other industries such as retailing. Reasonably assuming that the advertising industry accounts for 75% of these persons would reduce this figure to 57,757. According to row (1) of Table A-4, for every manager in the advertising industry, there are 1.82 professional employees. Multiplying 57,757 by (1+1.82) yields an estimated total for managers and professionals in the industry of 162,875.
- According to row (1) of Table A-4, the U.S. Equal Employment Opportunity Commission reports that establishments in the industry in 2006 with at least 100 employees had 67,897 professional and managerial employees. That figure does not include establishments with fewer than 100 employees, which, according to Table 3, account for 66.8% of all industry employees. However, some proportion of that 66.8% is included in the 67,897 because, although they work in establishments with fewer than 100 employees, they are included in combined reports filed by employers with 100 employees among all their establishments. Reasonably assuming that 66,687 represents 40% of industry employment, the number of professional and managerial employees in the industry totals 168,000.
- The U.S. Labor Department (2008a), p. 5 reports persons in 2006 employed in the Advertising and Public Relations industry with professional and managerial job titles. According to this source, managers and professionals total 181,000. However, according to tabulations of the 2000 Census by the author, at least 10,000 are managers and professionals in public relations. Eliminating these persons reduces the advertising-specific figure to 171,000.

Occupations and Careers

The 167,000 figure set forth in the previous paragraph divides into about 108,000 professionals and 59,000 managers.[31] Table 4 lists typical job titles found within these categories.

Why do people seek these jobs? Although the importance of reasons of course varies among individuals, four principal motivators are commonly discussed:[32]

- Excitement. Based largely on the creative functions within advertising agencies, the industry is perceived as offering varied, challenging assignments; opportunities to work with intelligent, imaginative colleagues; and freedom from "9 to 5" routine. For example, according to one recent survey, 76% of industry professional employees and 66% of students agreed that advertising is an industry for innovators.[33] These two groups of respondents agreed on the same adjectives to describe mid-to upper-level advertising executives: creative, clever, bright, and intense.

- Glamour. Based largely on the creative and client contact functions within agencies, professionals and managers in advertising are seen as participating in glamorous, high-visibility promotional events and interacting with senior corporate decision-makers, well-recognized personalities from the mass media, and celebrity models and spokespersons.

- Prestige. In the survey cited above, 76% of professionals and 60% of student respondents feel that individuals are proud to tell people they work in advertising/marketing.

- Earnings. According to data from the U.S. Department of Labor's National Compensation Survey presented in Table A-3, average annual earnings for entry-level positions in the advertising industry are 17% higher than in the average white collar occupation. They remain above other white collar occupations as employees' seniority and skills increase, averaging over $100,000 per year for senior-level professional employees.[34] Especially among senior executives in

[31] This division into 35% managers and 65% professionals is based on columns (b)-(e) in row (1) of Table A-4.

[32] See, for example, AAAA (2008a), AAAA (2008b), Advertising Educational Foundation (2008), Essortment (2002), U.S. Department of Labor (2008a), U.S. Department of Labor (2008b), Walker (2006), and Wetfeet (2008).

[33] Adweek (2004), p. 45.

[34] Consistent with these findings, one non-government survey (Aquent, 2006) reported annual earnings of $92,400 for median "top level" advertising and marketing communications professionals and at least $127,000 for the highest-paid 25%. Another non-government survey,

Table 4
Typical Professional and Managerial Job Titles
in Full-Service Advertising Agencies [35]

Department	Job Titles	Job Duties
Account Planning	Account Planner Strategic Planner Market Researcher	Analyze consumer perceptions, behavior and data so that the rest of the team can build an effective ad campaign.
Account Management/ Account Services	Account Manager	The ongoing point of contact between the agency and client firms. They shepherd projects through to completion.
Creative Services	Copywriter Graphic Designer Art Director Creative Director	The artists of the process. After being briefed by the account services team on the goals of the campaign, they create ideas for the clients.
Production/Traffic	Producer Director	Work with agency staff or outside vendors to get TV ads produced, ads printed, and these products distributed.
Interactive	Interactive Designer Interactive Programmer Interactive Producer Interactive Architect	Create web sites, write code, and combine traditional roles of account management and production to see each project goes according to plan.
Media Services	Media Planner Media Buyer	Planners determine the kinds of media and specific media outlets best suited for an ad campaign. Buyers purchase media space and time for clients.
Senior Management	Chairman Partner President General Manager	Responsible for a broad range of operational, financial, marketing and other operations of an agency, agency group or subsidiary.

www.salary.com, reports a median salary plus bonus of $86,848 for advertising account executives and $120,495 for art directors.

[35] Adapted from AAAA (2008b). A library of job descriptions is available at AAAA (2008a).

industry-leading agencies, earnings can rise considerably higher. For example, Table A-9 repeats reports from the U.S. Census's Current Population Survey of top individual earnings in their sample of industry employees ranging from $312,000 to $428,000 per year. In 2005, annual earnings among CEOs of 15 major advertising agencies averaged $6.9 million, and among the CEOs of the "Big Four" averaged $15.5 million.[36]

Together, these four benefits of working in the industry make advertising a perennial career choice among students and entry-level job-seekers and give the industry an ample flow of potential employees among whom employers can choose. Career advice to persons seeking employment in advertising inevitably includes the message that competition for positions in the industry is keen.[37]

To be sure, not all managerial and professional positions within the industry deliver all these benefits, at least to the level job seekers sometimes imagine. In addition, four employment conditions are often cited as disadvantages of careers in this industry. The four all concern various aspects of employee vulnerability.

- Client unpredictability. Advertising agencies depend for work on client firms who often hold them "at arm's length," require multiple agencies to compete for new business, or suddenly shift accounts from agencies with which they have had long-term relationships. Especially when one or a few clients account for a large proportion of an agency's revenues, loss of a major competition or existing account may trigger agency layoffs.

- Economic cyclicality. The volume of advertising work tends to expand or contract following the economy's patterns of prosperity and recession. This sensitivity to the business cycle exposes advertising industry employees to further layoff risks.

- Agency instability. Advertising agencies often change their organizational and ownership structure over time -- merging with other agencies, being bought out by larger firms, spinning off agency functions, or internally reorganizing. Thus, employees' employment opportunities may shift dramatically, either favorably or unfavorably, for reasons beyond their individual control.

- Organizational politics. Personnel decisions within advertising agencies are often based on personal relationships, subjective perceptions of an employee's reputation, client good-will, and other considerations difficult for individual employees to control through good job performance alone. In particular, the opinions of clients can seriously affect an agency employee's career, sometime capriciously. For example, in the same survey quoted earlier in this chapter, 80%

[36] Advertising Age Data Center (2006). For "Big Four," the figures were: Interpublic: $9,758,000; Omnicom: $15,614,000; Publicis: $3,787,000; and WPP: $32,831,000.

[37] See the sources cited in footnote 32.

of advertising professionals and 49% of students agreed that clients are more powerful than agencies' internal management, and respondents commonly felt that agency management was too often "unwilling to stand up for their own people if it means taking on the client."[38]

An implication of such employment vulnerability is that when a job seeker obtains a professional or managerial position in the advertising industry, he or she is not guaranteed an uninterrupted career and steady advancement with a single employer. Some individuals do experience such employment continuity. However, many others find themselves recurrently re-inventing and re-establishing themselves, either in a new role with their current employer or with a series of employers.

Looking at this employment instability from the employers' point of view, some observers have described the industry's approach to human resource management as "just in time" hiring. Employee compensation accounts for more than half of agencies' total operating expenses.[39] "Just in time hiring" represents an attempt by agencies to keep these costs low and flexible by employing staff only when they are certain to have work for them.

Employment Qualifications

When hiring, promotional, or retention decisions are made, what qualifications are valued, and what selection criteria are applied? Many answers to these questions apply only to specific occupations within the industry. However, certain themes tend to be common industry-wide.

The most important theme is de-emphasis, compared to professional and managerial positions in many other white-collar industries, on formal credentials such as college degrees. For some positions, having a degree is important. For example, entry-level positions in media planning or media buying usually require a bachelor's degree, often with a college major in marketing or advertising; art directors often possess degrees from an art or design school; and in higher management, qualifications such as MBA degrees are increasingly common. Nevertheless, for the positions often considered most central and influential within advertising agencies -- creative activities and client relations/account management roles -- specific degrees, or even any college degree, tend to be less important than other qualifications.[40]

The quotation at the beginning of this chapter reflects this industry predilection and begins to identify those other, more important qualifications. In discussing what it

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[38] Adweek (2004), p. 20.

[39] Gottesman (2007).

[40] U.S. Department of Labor (2008a), pp. 6-9.

takes to break into entry-level creative positions in copywriting or art directing in advertising agencies, this quotation states:[41]

> So, Rule #1: don't worry about what your diploma says. I want to hire smart, interesting, funny, witty people who can make smart, interesting, funny, witty ads. It's just your degree -- or major -- is no guarantee of that. Only a portfolio shows us how smart, interesting, and witty you really are. That means a BA, BS, AS, BFA, MFA or GED are all pretty much the same to me. And fine art and graduate degrees are especially unimportant. I've hired beginners who were grocery clerks, mathematicians, truck drivers, bartenders and college kids with ad degrees, but they all had one thing in common: they had great books.

By "books," this quotation refers to portfolios -- dossiers of actual projects completed either as student exercises, internship projects, or in previous employment. The often-repeated consensus within the advertising industry is that creativity and imagination, along with effective communication and the ability to handle stress, are the key skills required for hiring and advancement, and that a track record of on-the-job performance is the best evidence of these qualities.

As Chapter VI below will discuss, in practice, employment decision-makers in the advertising industry often assess on-the-job performance in and biased manner disregard it in favor of less relevant considerations such as "social fit." But what makes those failures to assess performance accurately particularly important is the industry's relative emphasis on performance rather than credentials. This emphasis creates an expectation that in the advertising industry, talent should lead to hiring, and productivity should lead to promotion, regardless of race or other personal characteristics. The extent to which that expectation is met is the subject of the next chapter.

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[41] Chicago Portfolio (2008).

IV. Black Under-Utilization in the Industry

> *Tony's book showed his impressive range and not…the scars from the ghettoization of black creatives: basketball, soft drinks, and cars. … His phone often rang with calls from people who just had to meet the man behind the book. In one of these meetings with the people who wanted to hire him based on his book alone, Tony was subjected to a critique of his work instead of a discussion of next steps. What happened between the phone call and the face-to-face meeting?... He wasn't what they expected.*
>
> *Tiffany R. Warren, Ad Age*[42]

This chapter measures the extent to which African Americans are included in the managerial and professional employment opportunities described in the previous two chapters.

Numerical Under-Representation

We begin by considering the following question: In the absence of racial bias, how many African Americans would we expect to find among professions and managers in the advertising industry nationwide?

One possible answer to this question is 12.8%, the proportion of African Americans in the U.S. total population.[43] However, equal employment opportunity law, as well as social science research, does not generally accept such overall population figures as a meaningful benchmark for employment. Instead, more detailed analyses must take account of the extent to which job seekers possess credentials, skills, abilities, and career interests making them qualified for and available for the occupations in question.

To perform that analysis, we draw on five well-established, authoritative sources of data on the American workforce. Estimates derived from these five sources are summarized in Table 5 and the following paragraphs:

[42] Warren (2008).

[43] U.S. Census Bureau (2008).

Table 5
Five Benchmarks for the Expected Representation of African Americans Among Managers and Professionals in the Advertising Industry

	Managers			Professionals		
	Benchmark	**Source**	**Value**	**Benchmark**	**Source**	**Value**
1	U.S. Equal Employment Opportunity Commission, "EE0-1" Reports, 2006, Af. Am. % of Officials & Managers in 28 "Persuasion & Communications" Industries	Table A-4, row (36), column (j)	6.6%	U.S. Equal Employment Opportunity Commission, "EE0-1" Reports, 2006, Af. Am. % of Professionals in 28 "Persuasion & Communications" Industries	Table A-4, row (36), column (k)	8.4%
2	U.S. Census Bureau, Current Population Survey, Af. Am. % in 6 Managerial "Persuasion & Communications " Occupations	Table A-5, row (8), column (d).	8.7%	U.S. Census Bureau, Current Population Survey, Af. Am. % in 16 Professional "Persuasion & Communications" Occupations	Table A-5, row (25), column (d).	9.3%
3	U.S. Equal Employment Opportunity Commission, "EE0-1" Reports, 2006, Af. Am. % of “Sub-Professional” Employees in the Advertising Industry	Table A-4, row (1), column (l)	13.3%	U.S. Equal Employment Opportunity Commission, "EE0-1" Reports, 2006, Af. Am. % of “Sub-Professional” Employees in the Advertising Industry	Table A-4, row (1), column (l)	13.3%
4	U.S. National Center for Educational Statistics, Af. Am. % of bachelor's degrees 1997-1998 in business, liberal arts or communications	NCES (2000), Table 266	9.1%	U.S. National Center for Educational Statistics, Af. Am. % of bachelor's degrees 2005-2006 in business, liberal arts or communications	NCES (2007), Table 275	10.1%
5	Af. Am. % of managers & professionals in establishments < 75% White of the 3 largest employers in the U.S. advertising industry	Computed from data underlying Table A-7	8.4%	Af. Am. % of managers & professionals in establishments < 75% White of the 3 largest employers in the U.S. advertising industry	Computed from data underlying Table A-7	8.4%
Average			**9.2%**			**9.9%**

- Managers and Professionals in "Communications and Persuasion" Industries. The U.S. Equal Employment Opportunities Commission collects "EEO-1" reports annually from all business establishments with 100 or more employees nationwide, classifying employees into broad categories including "Officials and Managers" and "Professionals."[44] Table A-4 reports selected results from the most recent year for which data from this source have been released, 2006. The table considers 28 industries other than advertising which share advertising's focus on persuasion and communications -- for example, publishers, lawyers, business and professional associations, advocacy groups, and graphic designers. According to Table A-4, African Americans averaged 8.4% of professionals in these industries and 6.6% of managers.

- Managers and Professionals in "Communications and Persuasion" Occupations. The U.S. Census Bureau conducts its Current Population Survey each month on a nationally-representative sample of American households. In March of each year, it asks survey respondents to identify their occupations, and Table A-5 reports selected results on that subject from the survey in March 2007. The table examines six managerial occupations and 16 professional occupations which parallel professional and managerial occupations in advertising by involving skills and interests in persuasion and communications -- for example, marketing and sales managers, public relations managers, insurance sales agents, reporters, writers and authors, and designers. According to Table A-5, African Americans averaged 8.7% of persons employed in those six managerial occupations and 9.3% of persons employed in those 16 professional occupations.

- Lower-Level Employees in the Advertising Industry. For employers in the advertising industry, the same EEO-1 reports discussed above also enumerate employees in positions "lower" than managers and professionals, such as sales workers, office and administrative workers, and skilled craft workers. As Chapter III discussed, professional and managerial positions within advertising do not necessarily require college degrees, and instead emphasizes work experience and demonstrated performance such as might be acquired by starting in a lower-level position in the industry and "working your way up." According to Table A-4, in 2006, African Americans accounted for 13.3% of non-managerial, non-professional employees in the advertising industry.

- Recent Recipients of Relevant Degrees. As Chapter III discussed, specific degrees or majors are often not prerequisite to professional or managerial employment in the advertising industry. However, many persons holding those positions are college graduates, and their choice of advertising-related majors may signal interest, talent or preparation for advertising work. The U.S. Department of Education's National Center for Education Statistics provides data on recipients of bachelor's degrees with majors in business, communications, or the liberal arts. To take account of the time after graduation required to move into managerial and

[44] U.S. Equal Employment Opportunity Commission (2008); Bendick (2000).

professional positions, we related data for school year 2005-2006 to professional positions and 1997-1998 to managerial positions.[45] These data report that African Americans represented 9.1% of the managerially-related group and 10.1% of the professionally-related group.

- African Americans in "peripheral" positions within the industry. As will be discussed later in this chapter, African American managers and professionals employed in the advertising industry are disproportionately found in "ethnic specialty" agencies or in functions considered less important within advertising agencies. As we will explain, one way we have quantified this pattern is by comparing employment of African Americans in "White-dominated" establishments within firms and more ethnically-mixed establishments. In the latter establishments within the three largest employers in the U.S. advertising industry, we computed that African Americans represent 8.4% of managers and professionals.[46]

Each of these five benchmarks applies data from a different source and considers expected representation from a different perspective. The most accurate estimate of expected representation among managers and professionals is likely to emerge by combining their overlapping insights. We do so by taking the average of the five figures,[47] yielding a figure of 9.2% for managers and 9.9% for professionals. These figures appear in the bottom line of Table 5.

How does actual employment of African Americans in the industry today compare to these expected levels of representation? Our computations are summarized in Table 6.

The larger advertising agencies, especially those within the huge industry-dominating agency groups discussed in Chapter II, are of particular interest in terms of this question. Therefore, row (1) of Table A-4, which tabulates data from advertising establishments with at least 100 employees, offers the most relevant counts of current Black employment. According to that table:

- Managers. African Americans account for 4.3% of "officials and managers" in the advertising industry today. Thus, Table 6 reports that the "shortfall" in African managers, which is the difference between expected 9.2% and the actual 4.3%, is 4.9% of total managers. Stated differently, current representation is about 47% of the expected representation.

[45] NCES (2007), Table 275; NCES (2000), Table 266.

[46] These computations utilize the data underlying Table A-7

[47] The median of the five figures rather than the average produces estimates of 8.7% for managers and 9.3% for professionals.

Table 6
Shortfall in African American Representation among Managers and Professionals in the Advertising Industry, 2008 [48]

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Job Category	**Total Employees**	**Expected Black Employees**		**Actual Black Employees**		**Shortfall**	
		Number	**%**	**Number**	**%**	**Number**	**%**
Managers	59,000	5,400	9.2%	2,500	4.3%	2,900	4.9%
Professionals	108,000	10,700	9.9%	6,400	5.9%	4,300	4.0%
Total	167,000	16,100	9.7%	8,900	5.2%	7,200	4.3%

- Professionals. African American account for 5.9% of professionals employed in the advertising industry today. Thus, Table 6 reports that the "shortfall" in African managers, which is the difference between the expected 9.9% and the actual 5.9%, is 4.0% of total professionals. Stated differently, current representation is about 60% of the expected representation.

Column (g) of Table 6 then translates these shortfall rates -- 4.9% of all managers and 4.0% of all professionals in the industry -- into the number of "missing" African Americans among managers and professionals. Chapter III estimated that approximately 59,000 managers and 108,000 professionals work in the U.S. advertising industry today. Among 59,000 managers of all races, the Black of 4.9% translates into about 2,900 "missing" African American managers. Among 108,000 professionals of all races, the Black shortfall of 4.0% corresponds to about 4,300 "missing" African American professionals. For the two groups combined, the estimated shortfall totals 7,200.[49]

[48] The sources for Table 6 are as follows: Column (b) = text, p.15. Column (c) = Column (b) * Column (d). Column (d) = Table (5), bottom row. Column (e) = Column (b) * Column (f). Column (f) = row (1) of Table A-4. Column (g) = Column (c) - Column (e). Column (h) = Column (g) / Column (b).

In this table and throughout this report, figures are usually rounded to the nearest 100 and percentages to one decimal place. Therefore, detailed entries may not exactly match totals or products.

[49] To measure the probability that shortfalls the size of those reported in Column (g) are only chance occurrences, statisticians re-express the number of "missing" employees in units of measurement called *standard deviations*. In both social science research and employment

In Figure 1, the shortfall of 7,200 Black managers and professionals is pictured in comparison to the 167,000 total managerial and professional positions in the industry today.

Because the expected representation for Black managers and professionals together totals 16,100, the current representation of 8,900, reported in Column (e) of Table 6, is about 55% of the expected number. In other words, the Black shortfall of 7,200 is almost as large as the 8,900 total Black managers and professionals currently employed in the industry, and eliminating the shortfall would require almost doubling the number of Black managers and professionals in the industry. Moreover, that statement changes from "almost doubling" to "more than doubling" when we concentrate not on shortfalls in the entire industry but on shortfalls after setting aside an estimated 3,500 Blacks managers and professionals currently employed in the industry but disproportionately in race-segregated establishments and roles. Development of this 3,500 estimate is the subject to which we now turn.

Occupational Segregation

To provide equal employment opportunity in the advertising industry to would require employers to do more than hire substantial numbers of new Black managers and professionals. It would also require these employers to assign, train, develop, transfer, promote, and retain these employees based on their skills and performance rather than their race. That is, employers would also have to eliminate race-related differences in *post-hiring* employment outcomes.

One such post-hiring difference was already touched on in the third estimate of expected Black representation in Table 5. This difference is the "*glass ceiling*" pattern of diminishing representation of African Americans at successively higher ranks within firms. This outcome presumably reflects not only hiring decisions by advertising agencies but also post-hiring promotions. As Chapter III discussed, conventional wisdom holds that talent and experience demonstrated after hiring, rather than entry-level credentials acquired prior to hiring, largely determines who rises to the top in the industry. Thus, for example, an advertising agency might give its wise-cracking receptionist an opportunity to try out as a copywriter or train its energetic photographic assistant on-the-job to become a designer.

In reality, to the extent that such opportunities are available in the advertising industry, they appear more likely for Whites who start in entry level positions with few

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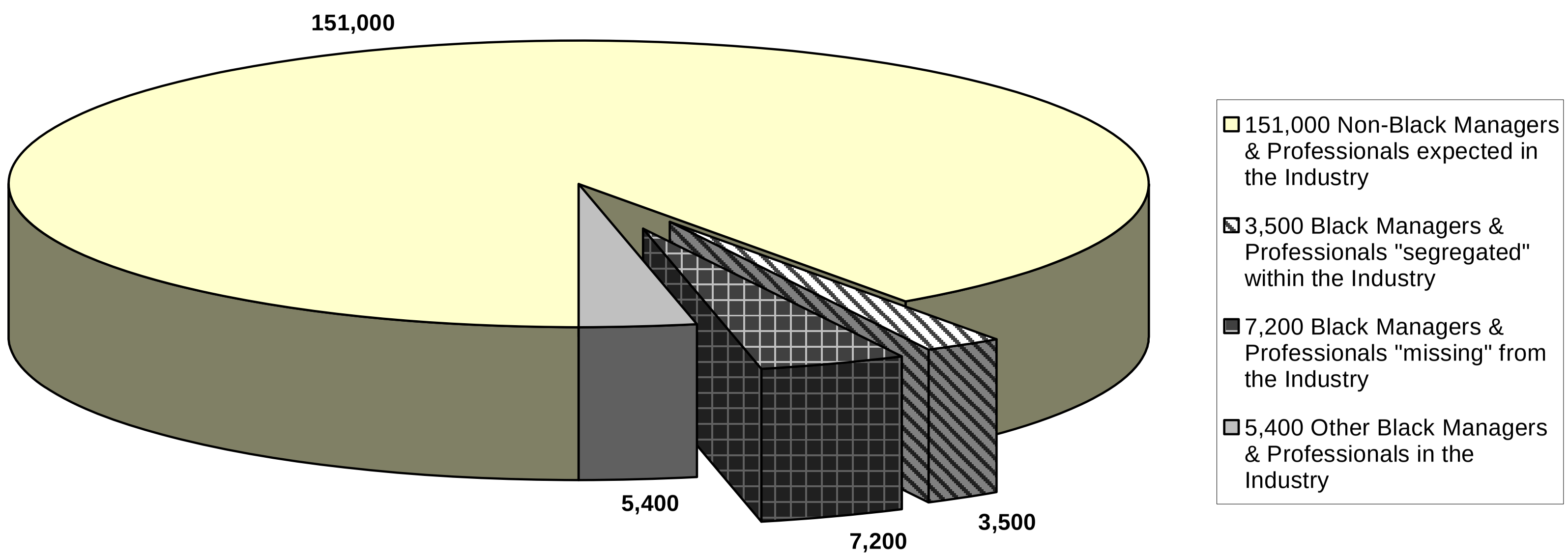
discrimination litigation, shortfalls translating into 2.0 or more standard deviations are generally considered "statistically significant" and not due to chance. In Table 6, the shortfall of 2,891 Black managers corresponds to 20.6 standard deviations, the shortfall of 4,320 Black professionals corresponds to 22.0 standard deviations, and the shortfall of 7,211 for the two job groups combined corresponds to 29.9 standard deviations.

Figure 1
Under-Utilization of Black Managers and Professionals in the Advertising Industry



formal credentials than for Blacks who start in the same place with the same qualifications. Figure 2 divides employment within advertising agencies into a hierarchical pyramid showing "sub-professional" positions such as administrative, sales, craft, and service employees at the bottom, professional employees above them, and managers at the top. Reporting data on advertising agencies with 100 or more employees, the figures to the left of the pyramid reports that African American representation of 13.3% among "sub-professional" employees falls to 5.9% for professionals, and then falls further to 4.3% among managers. Concurrently, the figures to the right side of the pyramid report that, over the same three levels, the representation of Whites increases from 68.2% to 79.3% and then to 88.0%.[50]

Paralleling these indications of a racial glass ceiling within advertising, we can estimate the prevalence of race-related differences in three other post-hiring employment outcomes. All three measure aspects of *occupational segregation* -- employment outcomes in which persons of different races tend to be employed in different functional roles, in different establishments, or at different levels of responsibility.[51] By analogy with "glass ceilings," these differences are sometimes referred to as "glass walls."

The first form of occupational segregation arises when Black and White advertising managers and professionals perform different functional roles within agencies. Particularly for positions with few formal prerequisite qualifications -- for example, copywriters or media buyers -- race-based differences in functional roles are likely largely to reflect employers' willingness to hire or assign African Americans to some roles but not others.

As Chapter III discussed, the functions generally considered most important to an advertising agency's success are creative activities and client contact/account management. Other agency functions -- particularly media planning and buying -- typically command less prestige within the firm, generate lower salaries, and provide more limited opportunities for advancement into upper management. The same perception that functions are of lesser importance, and therefore are associated with lower salaries and fewer advancement opportunities, typically applies to administrative and "overhead" functions such as accounting or human resources. If racial occupational segregation is common throughout the advertising industry, then it is likely to be reflected in racial differences between "high importance" and "less important" functional roles.

Table A-6 uses data from the U.S. Census Bureau's 2000 Census to test for such patterns. It divides 38 occupational titles commonly held by advertising agency employees between those associated with the creative and client relations functions (e.g., writers and artists) and those associated with media buying and administrative functions

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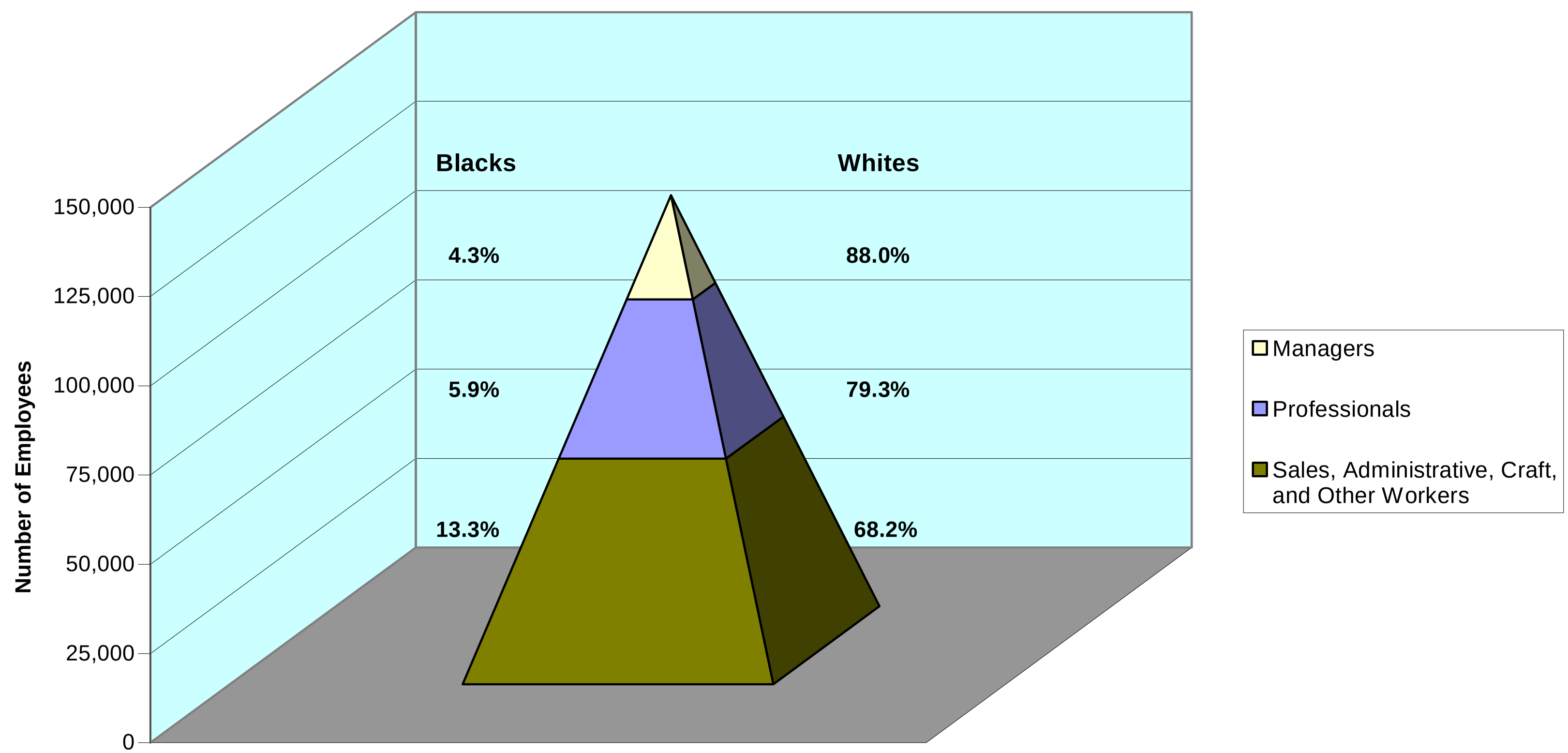
[50] Figure 2 is based on row (1) of Table A-4.

[51] Ehrenberg and Smith (2006), pp. 395-396.

Figure 2
Black and White % of Managers, Professional and Other Employees in the Advertising Industry, 2006



(e.g., purchasing agents and financial analysts). Among managers in the advertising industry, the table reports that Blacks accounted for 3.7% of employees with the former titles but 4.6% of those with the latter ones. Among professionals, the table reports that Blacks accounted for 3.8% of employees with the former background but 6.3% for the latter. For managerial and professional positions combined, African Americans worked in media purchasing and overhead functions at a 38% higher rate than they worked in creative and client contact functions.[52]

In first set of bars at the left side of Figure 3, we describe this imbalance in a different format. Again using data from Table A-6, we compute that 33.4% of White managers and professionals in advertising work in media buying or administrative functions, whereas 41.3% of Black managers and professionals do so. The difference between these two rates -- 7.9% of all Black advertising industry managers and professionals -- quantifies the extent to which Blacks are disproportionately segregated into these functions rather than creative and client contact functions.

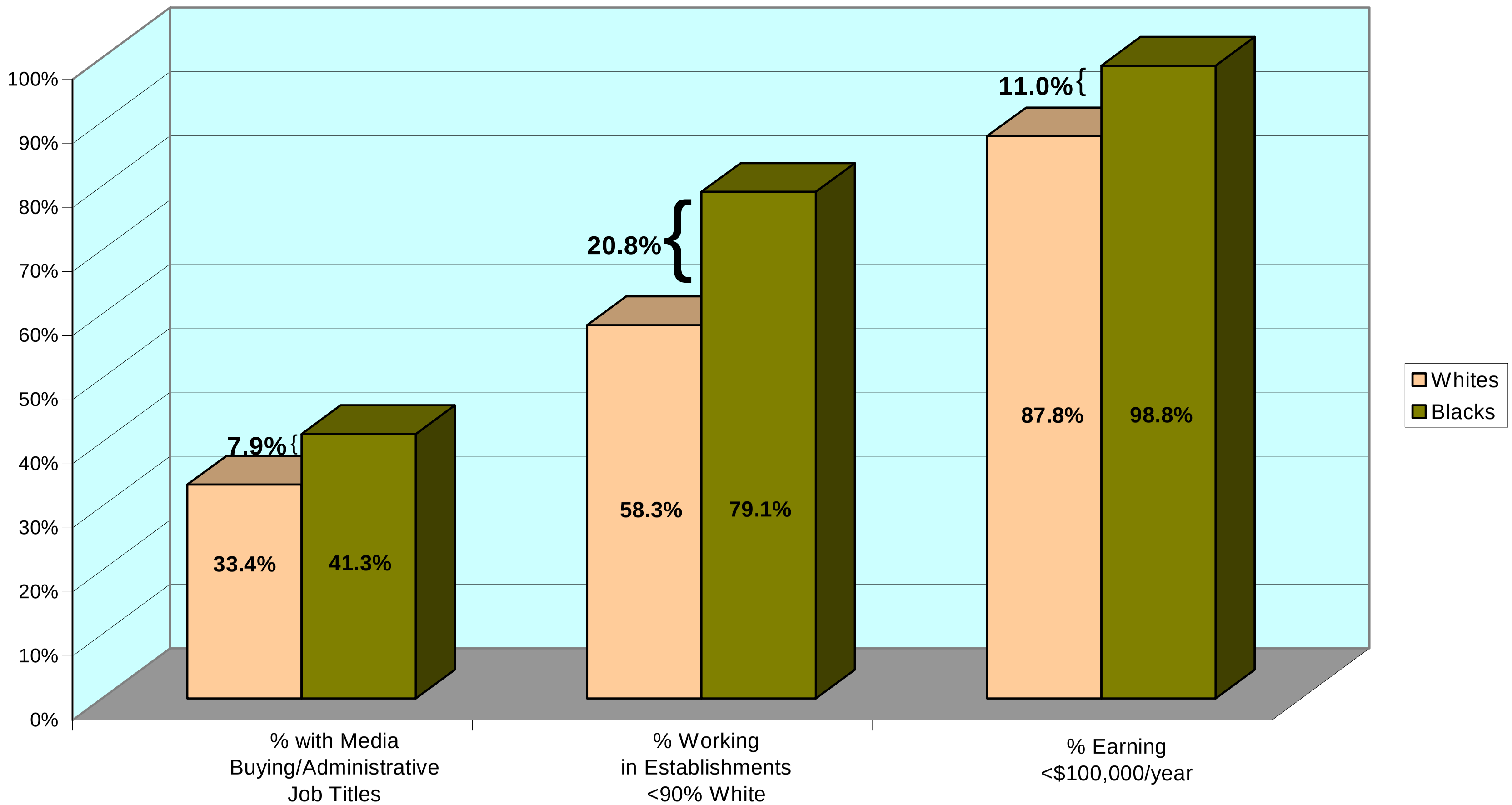
Table A-7 examines a second dimension of occupational segregation. We saw in Chapter II that large advertising holding company groups commonly organize themselves into multiple subsidiaries which play different roles within the group -- some specializing in "above the line" advertising and other "below the line," some performing creative functions while others work on production and distribution, and some working in the general advertising market and others in "ethnic specialty" markets. The same specialization characterizes many of the industry's independently-owned and operated firms. If Black managers and professionals disproportionately work in roles different from their White counterparts, then that difference is likely to be reflected in clustering of these African Americans into some business establishments within the advertising industry and their absence from others.

The "EEO-1" reports analyzed in Table A-7 provide an opportunity to test for such patterns. These reports provided data on 279 establishments within the advertising industry with at least 50 professionals and managers. African Americans accounted for 5.2% of managers and professionals industry-wide and as many as two-thirds of managers and professionals in some of these 279 establishments. However, 15.9% of the establishments had zero Black professionals and managers.[53] Given the other information we have about employment patterns in this industry, it is reasonable to assume that many

[52] A similar analysis of employment by job functions was conducted on New York advertising agencies by the New York Human City Commission on Human Rights in 1967 (Chambers, 2008, p. 176). It found that "minorities" accounted for 0.7% of employees performing functions such as client relations and copywriting, in contrast to 4.7% in functions such as media buying, billing, and printing.

[53] The probability that this number of establishments without a single African American would arise by chance alone is less than one chance in seven million. "Zero Black" establishments were found both among establishments belonging to large holding companies and independent agencies.

Figure 3
Three Dimensions of Occupational Segregation of Black Managers and Professionals in the Advertising Industry



establishments from which Blacks are missing perform functions deemed important to agency success, whereas those where they are disproportionately employed specialize in ethnic markets or perform functions deemed less important, such as media buying. In other cases, complete absence of Black mangers and professionals may simply reflect individual agencies' unwillingness to employ African Americans.

In the middle set of bars in Figure 3, we translate this pattern into a rate of Black occupational segregation. As a measure of being segregated into different establishments from those where Whites tend to work, we use establishments whose managerial and professional ranks are less than 90% White. According to Figure 3, 58.3% of White advertising managers and professionals work in such establishments, whereas 79.1% of their Black counterparts do so. The resulting 20.8 percentage point difference thus quantifies the magnitude of this form of occupational segregation.[54]

A third dimension on which occupational segregation can be measured involves levels of responsibility within functions. In analyses such as those in Tables 5 and 6, available data report only very broad categories, such as professionals. In a classic "glass ceiling" pattern of occupational segregation, Black classified as professionals would be disproportionately clustered into the lowest levels of responsibility and authority within at broad categories.

One symbolic indicator of the exclusion of African American managers and professionals from the highest ranks within their occupational categories is provided by recognition of individuals in the industry's "Halls of Fame." As Chapter II noted, Blacks have been working in the advertising industry since the end of the Nineteenth Century. They have been taking leadership roles such as running their own agencies since at least the 1920s,[55] and particularly during the "Golden Age of Black advertising" included a number of individuals prominent in their industry.[56] Yet they are almost invisible among persons recognized by the general industry in the "inner circle" of industry's leaders:

- The industry's "One Club" celebrates the legacy of creative advertising. Among 39 individuals inducted into the One Club Creative Hall of Fame between 1961 and 2008, none was African American.[57] [58]

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[54] If this 20.8% rate is multiplied by the 8,900 Black managers currently in the industry, the product is about 1,900. In footnote 24, we estimated that the Black managers and professionals employed in historically Black owned agencies at about 1,500. Assuming that both estimates are correct, then about 79% of the "establishment" form of occupation segregation is over-employment of Blacks in historically-Black owned agencies, and the remaining 21% is disproportionate over-assignment of Blacks to other types of "less important" establishments such as media buying agencies.

[55] Chambers (2008), pp. 67-112.

[56] Chambers (2008), pp. 209-251.

[57] See http://www.oneclub.org.

- The American Advertising Federation's Advertising Hall of Fame "honors the extraordinary achievements of advertising leaders…"[59] Following all-White inductions from 1968 through 1996, an African American, Fed Mingo, was added in 1996, seven years after his death.

- The American Advertising Federation's Advertising Hall of Achievement recognizes advertising professionals age 40 and younger making a significant impact on the industry. Between 2004 and 2007, 28 individuals were inducted, among whom two are Black.

Together, these three halls of fame have recognized 196 individuals as industry leaders, of whom nine (4.6%) are African American. This representation is 13.2% lower than the 5.3% representation of Blacks among all managers and professionals in the industry reported in Table 6.

A more comprehensive measure of occupational segregation by level of responsibility can be computed using employee earnings. Lower earnings might reflect assignment of employees to peripheral functions within agencies, assignment to agencies whose earnings opportunities are more limited, or "glass ceiling" restriction to lower levels of responsibility wherever they are assigned. The set of bars at the right hand side of Figure 3 displays the proportion of Black and White advertising managers and professionals earning less than $100,000 per year. Using data from Table A-9, it reports that the figure is 87.8% for Whites but 98.8% for Blacks. The 11.0 percentage point difference between these figures quantifies the prevalence of this third form of occupational segregation.

The three measures in Figure 3 potentially "double count" some aspects of occupational segregation. On the other hand, they miss some other aspects -- for example, lack of opportunity to work with products that are not "Black-related."[60] However, these measures offer the best estimates which can be derived from available data. Adding the three measures together -- 7.9% by job functions plus 20.8% by establishments plus 11.0% by pay level -- they total 39.7% of Black managers and professionals. When 39.7% is multiplied by the estimated 8,900 Black managers and professionals currently employed in the industry, it produces an estimate that about 3,500 of these employees are experiencing race-based occupational segregation. In Figure 1,

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[58] Such situations of total absence -- sometimes referred to as the "inexorable zero" -- are often treated by federal courts as particularly important evidence of employment discrimination; see, for example, the Supreme Court's 1977 ruling in *Teamsters v. United State,* 431 U.S., footnote 23.

[59] See http://www.advertisinghalloffame.org.

[60] Chapter VI will discuss further the tendency of agencies to assign Black employees to a limited range of consumer products seen having high sales potential to African American customers, such as the "basketball, soft drinks, and cars" in the quotation at the beginning of this chapter

these 3,500 “segregated” Black professionals and managers are shown next to the 7,200 “missing” Black professionals and managers estimated.

As Column (e) Table 6 reported, about 8,900 African Americans are currently employed as managers and professionals in advertising industry. However, if 3,500 of them are occupationally segregated, then it would be reasonable to count only 5,400 as currently employed in non-segregated positions. Suppose the advertising industry were to overcome both forms of Black under-utilization shown in Figure 1 by hiring 7,200 additional Black managers and professional and reassigning 3,500 current ones. The full African American expected representation of 16,100 (7,200 + 3,500 +5,400) would essentially triple the 5,400 Black professionals and managers currently employed.

Unequal Earnings

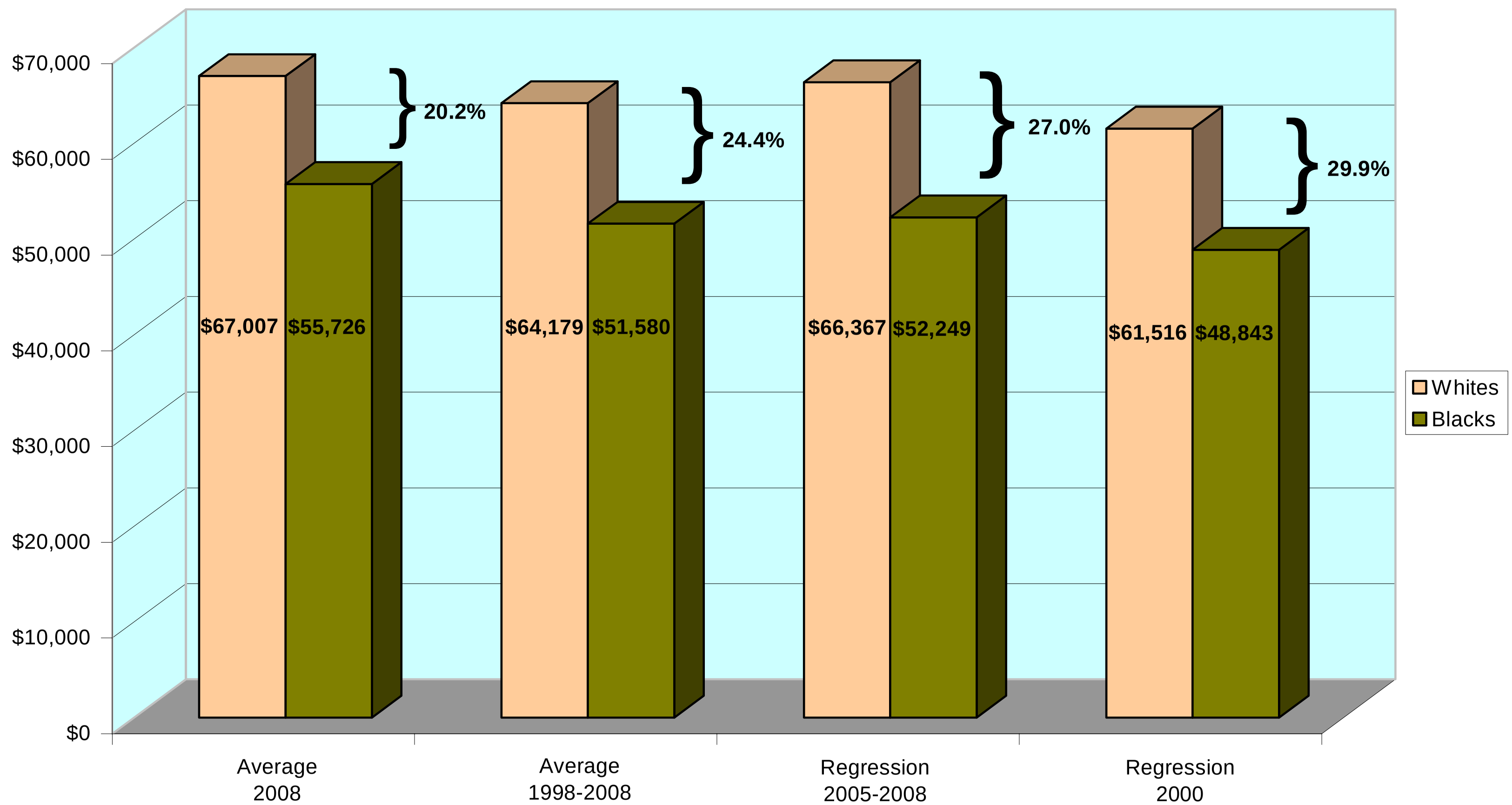
Economists often use employees’ earnings as a summary measure of employment outcomes. In this measure, dollars of compensation serve as a “common denominator” reflecting “glass ceiling” and “glass wall” differences in the jobs individuals hold, such as we have measured throughout this chapter. In addition, the earnings common denominator reflects differences in how employers might compensate individuals of different demographic backgrounds differently when they perform the same job. This final form of earnings difference is sometimes referred to as “equal pay” differences because they are illegal under the federal Equal Pay Act.

Figure 4 summarizes four earnings comparisons between Black and White managers and professionals in the advertising industry. As the next four paragraphs explain, each of these estimates is based on a different data source and utilizes different information to make “apples to apples” comparisons of Blacks and Whites with equal qualifications. Despite these methodological differences, the four analyses all agree fairly closely in their estimated “penalty” in earnings for Black advertising managers and professionals compared to their equally-qualified White counterparts.

The four estimates are as follows:

- The first estimate, represented by the bars to the furthest left in Figure 4, compares the average earnings of African American and White college graduates employed full time in the advertising industry as reported in the 2000 U.S. Census. The figure reports that Whites earned an average of $67,007, while Blacks earned an average of $55,726 -- $.82 for each $1.00 earned by Whites with the same educational background. To eliminate the $11,821 racial difference, Black earnings would have to have been 20.2% higher than they were.

Figure 4
Four Estimates of the Black-White Earnings Gap Among College Graduates in the Advertising Industry



- The second estimate, represented by the second set of bars in Figure 4, compares the average earnings of African American and White college graduates employed full time in advertising during the most recent 10 years, using data from the U.S. Census Bureau's Current Population Survey from 1999 through 2008 (see Table A-9). According to Figure 4, Whites earned an average of $64,179, while Blacks earned an average of $51,580 -- $.80 for each $1.00 earned by counterpart Whites. To eliminate the $12,599 racial difference, Black earnings would have to have been 24.4% higher than they were.

- By comparing college graduates employed full time in the advertising industry, the previous two comparisons eliminate some of the differences in qualifications and interests which might explain racial differences in earnings. Columns (b) through (d) of Table A-10 apply the statistical technique of multiple regression analysis to eliminate more of these possible sources of differences. Analyzing the individuals included in Table A-9, it further matches them in terms of gender, the level of their highest degree, and their years of work experience. After controlling for these characteristics, the third set of bars in Figure 4 estimates that Whites earned an average of $66,367, compared to $52,249 for equally-qualified Blacks. In other words, African Americans earned on average $.79 for every $1.00 earned by their White counterpart, and Black earnings would have to have been 27.0% higher to have eliminated the $14,118 racial difference.

- Table A-10 applies multiple regression analysis to analyze the earnings of African American and White college graduates in the advertising industry reported in the 2000 U.S. Census controlling for these individuals' education and work experience as well as several other characteristics. This analysis estimates that Whites in this group employed full time in the advertising industry earned an average of $61,516, compared to $48,843 for equally-qualified Blacks. Thus, African Americans earned on average $.79 for every $1.00 earned by their White counterpart, and Black earnings would have to have been 29.9% higher to have eliminated the estimated $14,016 racial difference.[61]

Among these four analyses, the estimated "earnings penalty" for Black employees compared to their equally qualified White counterparts range from 20.2% to 29.9% of Black average earnings. They average 25.4%, and the median value is 25.7%. Therefore, we summarize this figure as 25%. Correspondingly, the four computations estimate that Blacks earn between $.79 and $.82 for every $1.00 earned by their equally-

[61] This analysis of the 2000 Census allows us to subdivide this $14,016 earnings penalty into two components -- one reflecting the "glass ceiling" and "glass walls" occupational segregation discussed earlier in this chapter and the other reflecting unequal compensation for individuals occupying the same occupational role (the "equal pay" difference mentioned at the beginning of this section). According to this subdivision, 27.4% of the earnings penalty reflects racial differences in the positions held by Black and White advertising managers and professionals, while the remaining 72.6% reflects racial difference in compensation paid to individuals performing the same roles. Thus, both types of under-compensation contribute importantly to an overall pay disadvantage for Black advertising managers and professionals.

qualified White counterparts. The average of these figures is $.80, and the median is $.805, so we report this result as $.80.

Comparing Advertising to Other Industries

In research on the overall American labor market, the consensus view is that race discrimination in employment has substantially diminished since the Civil Rights revolution of the 1960s but has not been eliminated.[62] Are the racial patterns in the advertising industry merely typical of those found throughout the American labor market? Or does this industry display particularly severe problems requiring special, priority attention?

One answer to this question is provided in Table 7. Among the multiple employment outcomes discussed in this chapter, eight can readily be computed for both the advertising industry and other industries, allowing direct comparisons. The eight measures cover all the principal employment outcomes examined in this chapter, from numerical representation to occupational segregation to earnings. According to column (f) of Table 7, the advertising industry is worse than the average of other industries in the U.S. economy on all eight. Moreover, it is worse by a substantial margin -- in some cases more than double -- and averaging 37.6%. That is, the advertising industry has racial employment problems more than one-third larger than the nation's overall labor market.

A second answer to the question is provided in Figure 5. Using data from Table A-11, the figure compares Black representation among managers and professionals in advertising to that in all U.S. industries. According to Figure 5, in 1975, the advertising industry employed Blacks in 2.3% of these positions, a rate one-third lower than their 3.1% representation in such positions in all industries. Some 31 years later, in 2006, the advertising industry still lagged the overall American labor market on this measure -- and the gap had more than doubled, from 0.8 percentage points in 1975 to 1.9 percentage points.

Together these findings that the advertising industry is substantially behind the rest of the labor market and is steadily falling even further behind strongly suggest that national attention focusing on the advertising industry is appropriate, above and beyond the general attention addressing problems of race and employment in the U.S. labor market as a whole.

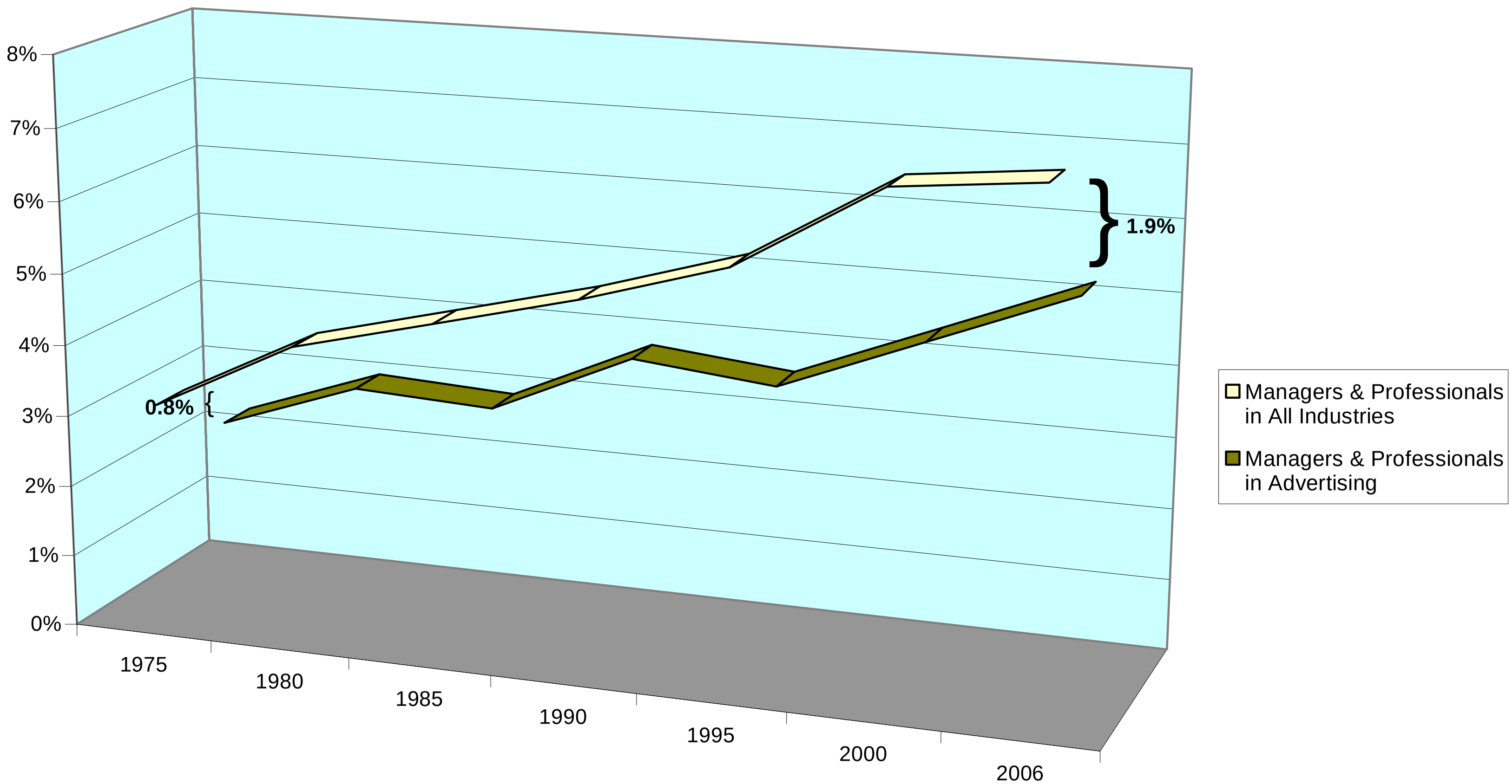
[62] See, for example, Ehrenberg and Smith (2006), chapter 12; Rodgers and Holmes (2004); Smith (1989); and Bendick (1999).

Table 7
Comparisons between the Advertising Industry and Other Industries on Eight Employment Outcomes for Black Managers and Professionals [63]

	(a) Employment Outcome	(b) Data	(d) Adver-tising Industry	(e) Comparison Industries	(f) Which is Worse?
1	Current Black Representation among Managers & Professionals	Black % of Managers & Professionals, EEO-1 Reports, 2006 (reported in Table A-11)	5.2%	7.1%	Advertising is 36.5% worse
2	Progress in Employing Black Managers & Professionals	Average Annual Rate of Change in Black % of Professionals and Managers, EEO-1 Reports, 1975 - 2006 (reported in Table A-11)	0.09%	0.013%	Advertising is 14.4% worse
3	Glass Ceiling	Ratio of Black % of Managers to Black % of "Sub-Professional" Employees (same data as Table A-4)	0.32	0.38	Advertising is 18.8% worse
4	Occupational Segregation among Establishments	% of Establishments with ≥ 50 Managers & Professionals which have 0 Black Managers & Professionals, EEO-1 reports, 2000 (same data as Tables A-4 and A-7)	15.9%	9.9%	Advertising is 60.6% worse
5	Average Earnings Gap Between Blacks & Whites with Equal Qualifications	U.S. Census Bureau's Current Population Survey, 2005-2006 (regression analysis using same data as Table A-10)	20.9%	15.3%	Advertising is 36.6% worse
6	Average Earnings Gap Between Blacks & Whites with Equal Qualifications	U.S. Census Bureau's 2000 Census (regression analysis using same data as Table A-10)	23.3%	11.3%	Advertising is 106.2% worse
7	Black College Graduates Earning < $100,000	U.S. Census Bureau's Current Population Survey, 2005-2006 (same data as Table A-10)	100.0%	84.9%	Advertising is 17.8% worse
8	Black College Graduates Earning < $100,000	U.S. Census Bureau's 2000 Census (same data as Table A-10)	96.6%	87.9%	Advertising is 9.9% worse
Average					**Advertising is 37.6% worse**

[63] In this table, advertising is compared to all industries in all rows except 4, where the peer industries are "Communications and Persuasion Industries as defined in Table A-4.

Figure 5
Percent African American Among Managers and Professionals in Advertising and All Industries, 1975-2006



V. Four Decades of “Expanding the Pipeline”

Insanity: doing the same thing over and over and expecting different results.

attributed to Albert Einstein

The analyses in Chapter IV are more comprehensive and rigorous than most previous examinations of employment in advertising. However, they primarily confirm and quantify allegations against the industry advanced over many years by civil rights advocates, government agencies, and individual African American job seekers and employees. This chapter discusses the ways the industry has responded to these allegations.

Sporadic Attention to Race Issues

Under-utilization of African Americans in the advertising industry has been recurrently brought to the industry’s attention for at least six decades.

Perhaps the earliest modern instance of an attempt to trigger action occurred in 1947, when a well-known White advertising leader, Milton H. Biow, prepared a report entitled *The Negroes’ Status in Advertising*. This report estimated that, out of 20,000 employees in 10 major advertising agencies in New York City, 21 were Black, among whom only 15 had roles directly to do with advertising.[64]

Fifteen years later, in 1963, the same issues were raised when the Urban League of Greater New York released a study of 10 large New York advertising firms.[65] According to this study, these agencies had more than 20,000 employees, but fewer than 25 African Americans held “creative or executive positions,” and these individuals worked exclusively in areas related to Black consumers, a pattern the League called “a form of segregated integration.” The League demanded that these agencies increase the

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[64] Chambers (2008), p. 125.

[65] The firms examined were: J. Walter Thompson (now part of WPP); McCann-Ericson (now part of Interpublic); Young & Rubicam (now part of WPP); Batten, Barton Durstine and Osborne (now part of Omnicom); Ted Bates and Company; Foote, Cone & Belding (now part of Interpublic); Benton & Bowles; Compton Advertising; Grey Advertising (now part of WPP); and Kenyon and Eckhardt (Chambers, 2008, p. 128).

number of Blacks in more than menial positions and assign them throughout the agency, including projects for White consumers.[66]

The same year as the Urban League report, the NAACP raised concerns about Black employment in advertising agencies along with issues of negative images of Blacks in advertisements and the media and absence of Black models and actors from advertisements in general market media. NAACP leader Roy Wilkins met with representatives from leading agencies and the American Association of Advertising Agencies (AAAA) and presented a keynote address to an AAA meeting in New York.[67]

In 1967, the New York City Commission on Human Rights (NYCHR) opened a new round of attention by sending questionnaires to selected advertising agencies. In March 1968, with public concern about employment discrimination enhanced by that year's urban riots, the Commission held a *Public Hearing on the Employment Practices of the Broadcasting and Advertising Industries and the Image Projection of Members of Minority Groups in Television and Radio*.[68] The hearings concluded that advertising agencies in the New York area had consistently failed to employ Blacks, Puerto Ricans and other minority groups, especially in professional and executive positions. Employment within these firms for all minority groups combined averaged 3.5%, which the Commission called "a state of de facto segregation strongly suggesting discrimination."[69] After the hearings, the New York State Commission for Human Rights (NYSHR) continued to monitor minority employment in advertising and charged two advertising agencies with discrimination.

In 1969, the NYCHR released findings showing only slight improvement. The Commission threatened a formal inquiry and suggested a three point program to raise minority employment. In combination with other initiatives by the NYSHR and the federal Equal Employment Opportunity Commission (EEOC), these actions resulted in some increased training and recruitment,[70] and by 1970, the percentage of minorities in professional positions at 12 top agencies showed some small gain.[71] However, as the Vietnam War shifted attention away from these issues, a recession weakened the economy, and the advertising agencies' new training programs proved difficult and expensive to implement, progress stalled. In fact, the representation of Blacks among

[66] Chambers (2008), p. 128.

[67] Chambers (2008), pp. 142-148.

[68] Chambers (2008), pp. 164-165.

[69] NYCHR (1978), p. 3.

[70] Chambers (2008), p. 180.

[71] Advertising Age (1970), p. 96.

professionals in New York agencies declined from 2.5% in the late 1960s to 1.7% in the mid-1980s. [72]

The most recent round of this cycle opened in 2004 when the NYCHR gathered data on hiring, promotion and retention in 16 of the largest agencies in New York City. After a two and a half year investigation, the Commission concluded that the number of minority employees in the industry, particularly African Americans, had barely increased since the 1960s, and that African Americans remained largely absent from the most senior or creative levels and top-paying positions. For example, among employees at the 16 agencies earning more than $100,000 per year, only 2.5% were African American.[73]

The NYCHR, in conjunction with the Civil Rights Committee of the New York City Council, then subpoenaed the chief executives of the firms it had studied to appear at public hearings during Advertising Week in September 2006. In exchange for cancellation of these hearings, the 16 agencies signed Memoranda of Understanding (MOUs) with the Commission pledging efforts over three years to improve minority hiring, promotion and retention. These agreements require agencies to establish recruitment, promotion and retention goals for minority employment and report progress annually to the Commission through 2010. In the first reporting year, it appears that one-third of reporting agencies missed one or more of their employment goals despite having set the goals themselves.[74]

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[72] Chambers (2008), pp. 202, 264.

[73] NYCHR (2006), p. 1. For example, while Blacks represented 10.7% of all employees in DDB's New York office, they were 1.3% of employees earning $100,000 or more, and 0.0% among the employees earning $200,000 or more (Cardwell and Elliott, 2006, p.2).

[74] Newman and Pustilnik (2008) and Wheaton (2008). NYCHR (2008) reports the following outcomes for "minorities" as a proportion of new hires during 2007:

Group	Agency	Goals for Managers	Results for Manager	Goals for Professionals	Results for Professionals
Havas	Arnold	30%	30%	^	^
	Euro RSCG	5%	32%	^	^
WPP	Grey Direct	17%	24%	25%	44
	Grey Interactive	16%	25%	20%	50
	Oglivy & Mather	16%	24%	33%	36
	Young &Rubicon	18%	27%	30%	46
Publicis	**Kaplan Thaler**	**13%**	**2% ***	**15%**	**18**
	Saatchi & Saatchi	16%	23%	23%	31
Interpublic	Avrett, Free & Ginsberg	7%	40%	24%	29
	DraftFCB	10%	21%	26%	36
	Gotham	10%	25%	17%	30
Omnicom	BBDO	15%	18%	28%	22 *
	DDB	**10%**	**0% ***	**20%**	**26**
	Merkley	**10%**	**0% ***	**22%**	**14 ***
	PHD	**10%**	**7% ***	**25%**	**26**

*** = missed target** ^ not reported separately from managers.

[74] Buss (2007), p. 3.

The Limited Impact of Past Initiatives

By reporting substantial under-utilization of African Americans today, Chapter IV documents the failure of these initiatives to eliminate race discrimination in advertising industry employment. But have the initiatives been associated with *any* progress toward that objective?

Table A-8 and Figure 5 address this question by tracing African American representation among officials and managers in the advertising industry nationwide from 1975 through 2006. According to these sources, over those 31 years, Black representation has increased from 2.3% to 5.2%, an average rate of 0.09% -- that is, about 1/10 of one percentage point -- per year. The number of African American managers and professionals in the industry increased from 370 in 1975 to 3,560 in 2006, an average addition of 103 Black professionals and managers industry-wide per year.[75]

One way to place this rate of increase in perspective is to project how long it would take to eliminate the remaining African American under-utilization estimated in Chapter IV -- 7,200 "missing" plus 3,500 "segregated" Black professionals and managers. These two figures together correspond to a Black under-utilization of 6.4% of all advertising industry managers and professionals. Dividing 6.4% by 0.09% yields an estimate that eliminating today's Black under-utilization will require 71 years, or until the year 2079.

A second way to place the industry's rate of progress in perspective is to compare it to the rate at which African American representation among managers and professionals changed in other industries over the same period. This comparison was provided in Figure 5, which reported that between 1975 and 2008, Black representation among managers and professionals in all U.S. industries combined increased from 3.1% to 7.1%, an annual rate of increase of .13 percentage points per year. In comparison, the 0.09% rate of increase in the advertising industry was only 69.2% as high. As a consequence, as Figure 5 portrays, the advertising industry is below the overall U.S. labor market at both the beginning and the end of the past three decades, and the gap between the industry and all other industries more than doubled over the period, from .8 percentage points 31 years ago to 1.9 percentage points today.

In light of these findings, the question "Has there been any progress?" can be answered "yes" only in one narrow sense: In 2006, the count of African American advertising managers and professions stood modestly higher than it had in 1975. However, more meaningful measures of progress would focus instead on whether the industry is getting closer to eliminating Black under-utilization. Here, the increase in Black numbers over the past three decades has been so modest that, at that pace, the under-utilization estimated to prevail today will not be eliminated for seven more decades. At the same time, the trends in the overall labor market portrayed in Figure 5 suggest that, over such an extended period, under-utilization may well increase faster than the industry would be eliminating it -- in which case, under-utilization of African

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[75] See column (d) of Table A-8.

Americans in the advertising industry will essentially never be eliminated. The implication seems clear that, if American society is to resolve this issue, it must adopt strategies different from those which have been tried and found inadequate.

How the Industry Diagnoses the Problem

To develop new strategies likely to be more successful than past ones, it is important to identify the characteristics of previous efforts responsible for their ineffectiveness. We believe that two such characteristics are important. Chapter VII will discuss one of them: inadequate motivation for advertising agencies to change their behavior. The remainder of this chapter examines the other: the assumption that Black under-utilization in the advertising industry is caused primarily by a deficient supply of "qualified" African Americans aspiring to work there.

Simply stated, diagnosing the problem of Black under-utilization as deficient supply means asserting that the mainstream advertising industry has so few Black managers and professionals because the agencies can't find enough African Americans qualified for and interested in holding jobs the agencies would like to offer them. In this interpretation, if the "pipeline" of candidates for hiring or advancement presented more and better Black job seekers, then their low representation in the industry would be cured.

This diagnosis is often stated explicitly or implicitly by advertising leaders and commentators when they discuss the low numbers of minorities in their industry. It is implied, for example, in frequent references by such speakers to finding "*top* minority candidates" or "*qualified* minority job seekers," as though the normal flow of Black job applicants does not include well-qualified persons in the same way that the normal flow of White job seekers does.[76]

Consider, in addition, the following sample of quotations from leaders and commentators in the advertising industry. Collectively, these quotations might be referred to as the "*uns*" because their common theme is that Blacks would be more prevalent in the industry if they were not *un*interested, *un*available, or *un*prepared for advertising careers.

- Blacks are <u>uninterested</u> in advertising as a profession. Few African Americans work in advertising because they do not recognize the career possibilities in the field and therefore do not prepare themselves to work there. For example:

> "Advertising hasn't been at the forefront of [minorities'] minds as a career point."[77]

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[76] The role of racial stereotypes in such assumption is discussed further in Chapter VI.

[77] Buss (2007), p. 3.

> "To be successful in identifying people of color, it needs to start before they get into college by making high school students aware of advertising as a career."[78]

- Blacks are unavailable as job applicants. There are too few to fill all the jobs agencies would like to offer them because the qualified ones choose other careers they find more attractive. For example:

> "The best and the brightest minority graduates are lured away from advertising to better paying jobs at client companies, as well as other fields such as finance and marketing."[79]
>
> "There's a certain percentage of African Americans in the general population, and those that have graduated from college are a small part of that. Competition for them is strong."[80]
>
> "A huge part of our African American population is the first generation to go to college, and [their mom and dad want them to be a doctor or lawyer.][81]

- Blacks are unprepared financially, psychologically, or in some other way to meet the demands of an advertising career:

> "Despite its high profile and glamorous image, advertising -- at its core -- continues to be a business where entrants must go through a rigorous apprenticeship period, often working long hours for little pay."[82]
>
> When minority professionals were asked about career changes and barriers, "the biggest challenge was overcoming the notion that I was not equipped to do the job."[83]

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[78] Buss (2007), p. 3.

[79] Fullerton et al. (2007), p. 5.

[80] Sanders (2006), p. 2.

[81] Buss (2007), p. 3.

[82] Burtch (2006), p. 20.

[83] Fullerton et al. (2007), p. 12.

> Minority candidates often are less likely than Whites to have parents who can afford to help them in the early years of their careers.[84]
>
> "The main problem is that the minority community here is so small, that when qualified minorities visit the city, they worry about being isolated without support of minority friends and family."[85]

The same diagnosis that the problem to be addressed is deficiencies in African American job aspirants is implicit in the initiatives which advertising agencies have undertaken when they have been pressed to expand minority employment. These initiatives predominantly expand the number of minority college graduates seeking entry-level advertising positions, link employers to these job seekers, or retain persons hired from their ranks in entry-level positions. In all these ways, the activities seek to "expand the pipeline" of minority job seekers and employees from among whom advertising agencies can find those allegedly-rare Black individuals qualified for managerial and professional positions.

This pattern is illustrated in Table 8, which summarizes initiatives reported by New York advertising agencies under their 2006 MOUs with the NYCHR.[86] Approximately 80% of these activities focus on minority job aspirants, including future job seekers still completing their education, current job applicants seeking entry level employment, or current employees seeking promotions. These activities employ a variety of means -- typically, scholarships, internships, job fairs, or mentoring programs -- to expand the number of aspirants available for the agencies to consider for managerial and professional positions. This 80% devoted to expanding the supply of minorities contrasts sharply to the modest attention -- about 20% of the activities listed in the table -- attempting to change the agency's behavior as an employer. This point will be discussed further in Chapter VI.

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[84] Sanders (2007), p. 3.

[85] AAF (2006), p. 11.

[86] The table reports the authors' categorization of data in Newman and Pustilnik (2008), pp. 4-7.

Table 8
Activities by 16 New York Advertising Agencies under their Memoranda of Understanding, 2007

Principal Focus	Activity	% of Activities
Minorities	Expand minority recruiting	40.9%
	Support minority education & career preparation	27.3%
	Expand minority employee development	11.4%
	Subtotal	**79.6%**
Agencies	Develop the agency's diversity staff and plans	10.0%
	Train agency staff on diversity issues	6.8%
	Enlist management support for diversity	4.5%
	Subtotal	**21.3%**

Emphasis on expanding the supply of "qualified" minorities is not limited to activities by individual agencies covered by the MOU's. An even clearer illustration is provided by initiatives undertaken on behalf of the overall industry by the industry's two most prominent trade associations, the American Association of Advertising Agencies (AAAA) and the American Advertising Federation (AAF) (see box, "Programs for Minorities Managed by Two Advertising Industry Trade Associations"). The box lists seven principal programs for minorities prominently described on the websites of those associations, and all seven either generate more and better minority candidates seeking jobs in advertising or assist advertising agencies to contact such candidates. In contrast, those websites report no minority-related initiatives to change the employer behavior of advertising agencies or their managers.

Programs for Minorities Managed by Two Advertising Industry Trade Associations [87]

American Association of Advertising Agencies

Multicultural Advertising Intern Program (MAIP) Since 1973, this program has enrolled 1,900 college juniors, seniors, and graduate students who are African American, Latino, Asian American, Native American, or multi-racial/multi-ethnic. It provides a 10-week summer internship in advertising agencies, followed by a Diversity Career Fair. A MAIP Alumni Association fosters further professional development of former interns.

Operation Jumpstart. Since 1997, this program has provided 172 tuition support grants of $10,000 to aspiring multicultural art directors and copywriters enrolled at one of six portfolio schools.

Other Scholarships. Other AAAA-administered scholarships for people of color include the Bill Bernbach Minority Scholarship ($5,000 each for five students), the ANA Multicultural Excellence Scholarship ($2,000 each for three MAIP interns), and the Advertising Age Media Scholarship ($10,000 to one student).

Center for Excellence in Advertising. In 2008, Howard University's John H. Johnson School of Communications partnered with the AAAA to establish a university center promoting diversity in the advertising workforce at middle to senior management levels.

American Advertising Federation

Most Promising Minority Students. This program provides three days of networking in New York City with members of the advertising industry. Since 1997, 398 college seniors of African, Asian, Latino, Native American or Pacific Islander descent have participated.

Mosaic Career Fairs. Since 2004, AAF has organized career fairs linking industry recruiters with students from AAF's 226 college chapters. In 2008, one-day events were held in Virginia, Illinois, and California.

Mosaic Center Scholarships. AAF administers other programs targeting minorities, including one 10-week paid internship in Gotham's New York City office and the MPMS Home Depot Scholarships ($5,000 each to 14 students) for minority sophomores or juniors majoring in advertising, marketing or communications.

[87] See http://www.aaaa-maip.org and http://www.aaf.org.

Simple calculations using data presented earlier in this report provide a reality check for concerns about adequate supply. Chapter III reported that about 167,000 managers and professionals are employed in the advertising industry today. Suppose, reasonably, that 10% of these positions become vacant each year as employees retire, or move to other employment. A 10% turnover rate generates 16,700 vacancies to be filled each year. According to Table 5, if African Americans were being hired into these vacancies at their expected representation, they would constitute 9.7% of these hires -- about 1,700 individuals. Hence, the assertion that there is inadequate supply translates into an assertion that it is not possible to find about 1,700 African Americans qualified for and interested in being managers and professional in general market advertising agencies each year.[88]

Does that assertion seem plausible? That question can be addressed by re-examining five likely sources of potential hires already discussed in this report.

- Many of the 1,600 vacancies would be entry level. For such positions, the fourth standard of availability in Table 5 is particularly relevant: African Americans receiving bachelor's degrees each year in business, communications, or the liberal arts. The current 10.1% Black representation among these graduates, reported in Table 5, reflects 49,000 Blacks receiving such degrees each year.

- Another potential source of entry level managers and professionals is "promotion from within" of persons employed in the advertising industry in "sub-professional" positions. The third standard of availability in Table 5 and Table A-4 report that African Americans constitute 13.3% of the 58,000 such employees, representing another 7,700 potential Black candidates for entry-level positions.

- Only some of the 1,600 vacancies expected to be filled by African Americans are entry level. One likely source of candidates to fill more senior managerial and professional slots is African Americans working in the 22 "communications and persuasion" managerial and professional occupations examined in the second standard of availability in Table 5. Among these, let us consider only three occupations particularly likely to be ripe for recruiting into advertising -- 43,000 Black marketing and sales managers, 34,000 Black designers, and 4,600 Black writers and authors.[89]

- Another source of candidates to fill managerial and professional slots above entry level is African Americans employed as managers and professionals in the 28 "communications and persuasion" industries underlying the first standard of availability examined in Table 5. Within this group, a particularly relevant subset is those working in journalism or media production, listed in rows (2) through

[88] The number actually would have to be slightly higher than this figure to replace Black managers and professionals who are part of the 10% turnover.

[89] These numbers are reported in Table A-5.

(10) of that table. Some 6,000 Black managers and 12,000 Black professionals are currently employed there.

- A final source of candidates to fill managerial and professional vacancies in general market agencies is African Americans already employed as managers and professionals in "ethnically targeted" advertising agencies or otherwise occupying less powerful, less well paid positions in the industry. According to Figure 1, 3,500 Black managers and professionals currently occupy such occupationally-segregated positions.

Together, the figures in these five paragraphs total 160,000 African Americans in just five likely pools of job candidates -- about 100 times the 1,700 vacancies expected to be filled by African Americans each year.

Of course, it is not realistic to assume that every one of these 160,000 persons would be qualified for and interested in a professional or managerial position in advertising, just as it would be unrealistic to assume that that all Whites from the same pools of potential job candidates would be prepared for and attractable to the jobs. However, it is certainly plausible to assume that at least one percent of these potential Black employees should be well qualified and interested. After all, as Chapter III described, compared to counterpart job opportunities in other industries, positions in advertising are widely sought after because of their excitement, glamour, and prestige, as well as substantially higher earnings than typical alternative opportunities in other industries.[90] In these circumstances, it is difficult to argue that the main focus of efforts to increase Black employment in advertising should be generating even more potential job applicants than are already under-utilized.

Why Continued Adherence to a Failed Strategy?

None of "expand the pipeline" initiatives just described is harmful in itself. In fact, they are undoubtedly welcome developments for those African American students who receive scholarship money, summer jobs, or interviewing experience at a job fair.

However, the initiatives are harmful to the extent that they lead the advertising industry, public enforcement agencies, civil rights advocates, the news media, or other interested parties to believe that race discrimination in industry employment is being addressed in a meaningful way. That is, their potential harm is their implied message that, because the industry has undertaken these efforts, other actions are not necessary. As Chapter VI will discuss, actions with a focus entirely different from "expanding the pipeline" are essential if the employment inequities documented in this report are to be addressed. In this circumstance, the potential harm from substituting "pipeline" efforts for more fundamental changes is substantial.

[90] See Table A-3. Of course, positions in advertising are not as financially attractive to Blacks when, as Chapter IV documents, Blacks are paid 20% less than equally-qualified Whites.

To some extent, unjustified emphasis on the supply of "qualified" Black job aspirants may reflect the naïveté of individuals in the advertising industry working in good faith in ways which seem appropriate to them. But the multiple decade history of complaint after complaint and report after report, plus the magnitude of current employment disparities documented in Chapter IV, make it difficult to conclude that the persistent focus on pipeline enhancement is entirely innocent. A more cynical interpretation is that "pipeline" efforts are intended to keep public pressure off the agencies themselves, which might otherwise be forced to make more fundamental and uncomfortable changes in their ways of operating.

Research provides no definitive empirical test to differentiate between an innocent and a cynical explanation for advertising agencies' continued adherence to a strategy which manifestly is not working. However, our data do offer an illustration consistent with the cynical interpretation. As Table 2 in Chapter II reported, Omnicom is the largest of the global advertising holding companies, with 70,000 employees worldwide and U.S. annual revenues of $6.7 billion. It has been a major target in the investigations described in the present chapter since its BBDO component was included in the Urban League study in 1963.[91] Under its 2006 Memorandum of Understanding, Omnicom has taken a particularly visible role in "expanding the pipeline" by pledging one million dollars for an Omnicom Institute developing advertising, marketing and media curricula at Medgar Evers College of the City University of New York.[92] Yet in 2007 all four of Omnicom's agencies in New York City missed their targets for hiring minorities, and two of the four reported hiring zero minority managers.[93] Was a million dollars the price of a "pass" on more serious enforcement efforts? A cynic might conclude so.

[91] See footnote 65.

[92] Creamer and Sanders (2006), p. 1.

[93] See footnote 74.

VI. Creating an Inclusive Industry Culture

> *Hiring minorities is not the panacea to job discrimination because discrimination continues throughout work life.*
>
> *Professor Susan Fiske*[94]

If "expanding the pipeline" is not an appropriate response to the inequities documented in Chapter IV, what should the advertising industry do instead? This chapter suggests an answer to that question based on decades of research by social and behavioral scientists.

Simply stated, the answer is this: Instead of trying to change African American job aspirants and employees, employers in the advertising industry need to change their behavior as employers. General market agencies need to root out their persistent unwillingness to hire, assign, advance, and retain already-available Black talent. To accomplish that change will require transforming the industry's workplace culture to eliminate bias, both conscious and unconscious, which creates systemic barriers to inclusion for a range of "outgroups," including African Americans.

A Research-Based Diagnosis of the Problem

To explain this answer, we begin with a research concept -- *workplace culture*. As anyone who has worked in an organization is aware, every workplace has its own culture. Formally, this term refers to the interdependent system of beliefs, values, and ways of behaving common to a workplace. More understandably, a workplace culture is simply "the way things are done around here."[95]

Prior to the civil rights revolution of the 1960s, conscious racism was part of the culture of most American workplaces. In those days, racial discrimination was generally not illegal, and social consensus in favor of equality and integration was not well established. Thus, newspaper help wanted advertisements would openly state, "No colored need apply," a workplace with all White bosses supervising all Black workers would elicit no surprise, and racist comments or jokes would often engender little discomfort among White employees. More often than not, conscious racial discrimination was part of "the way things are done around here."

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[94] Fiske and Lee (2008), p. 39.

[95] Greenberg and Baron (1993), p. 622. See also Bendick and Egan (2000).

Starting in the 1960s, the federal Civil Rights Act of 1964 and related legislation made equal employment opportunity the law of the land. Over succeeding decades, enforcement of these laws, in combination with evolving social norms sharply reduced the prevalence of conscious racism and led to substantial increases in the number of African Americans holding better-paid, more prestigious, more powerful positions in many industries. Reflecting these developments, public opinion polls today report that the majority of Whites believe that employment discrimination is now a problem of the past. For example, in one nationwide sample, only 10.6% of Whites felt that Blacks would face a great deal of discrimination in being hired for a well-paid job.[96]

Unfortunately, the majority of African American respondents to these polls continue to give the opposite answer -- that Blacks would face substantial discrimination in that situation -- and their perceptions are confirmed by a range of research evidence similar to that provided for advertising in Chapter IV.[97] However, something important *has* changed since the 1960s. Although explicit race prejudice continues in some workplaces, racial minorities are now more likely to encounter what social and behavior scientists label *contemporary racism* or *modern racism.*[98] This label refers to patterns of employer behavior that, although continuing to generate racial disparities in employment, do so in a "cooler (indirect, cognitive), calmer (subtle, unconscious), and collected (seemingly rational, unemotional)" manner.[99] Although bias still operates, it has become predominantly "…unconscious at the level of individual action, often unintended at the organizational level, and more often than not unexamined by those who formulate, implement and oversee an organization's human resources system."[100]

Social and behavioral scientists use the label *systemic barriers to inclusion* to describe workplace processes reflecting discrimination in this modern form. In this label, the word "systemic" reminds us that these barriers affect not just single employment practices -- such as hiring -- but all human resource management processes affecting workers throughout their careers. "Barriers" refers not to absolute barriers -- such as the complete exclusion of African Americans from certain jobs, as often happened prior to the 1960s -- but to substantially different chances that individuals with equivalent credentials but different demographic characteristics will enjoy similar employment success. And lack of "inclusion" refers to the ways in which bias creates subtle but pervasive differences in the treatment of workers from different demographic groups.

[96] Feldman and Huddy (2005), Table 1. See also Bendick (1999), p. 54.

[97] For estimates of the prevalence of discrimination in the labor market as a whole, see Ehrenberg and Smith (2006), chapter 12, and Bendick (1994), pp. 48-56.

[98] Gaertner and Dovidio (2005).

[99] Fiske and Lee (2008), pp. 22, 25.

[100] Bielby (2000), p. 60.

Systemic barriers to inclusion have been likened to tailwinds which assist the progress of individuals from favored groups and headwinds which slow the progress of those not favored. Like winds, they operate invisibly, but their effect on “who ends up where” is substantial.

Systemic barriers to inclusion commonly incorporate nine psychological and organizational building blocks.

The first is *stereotyping.* Stereotypes are generalizations about the personal attributes allegedly shared by a category of people -- for example, “African Americans are inarticulate.” Stereotypes vary widely in their accuracy as descriptions of these categories. But their major role in creating systemic barriers to inclusion arises when they are assumed to describe all individuals who fall within the categories -- for example, “Because John is African American, he must be inarticulate.” Human beings constantly use generalizations as mental summaries which make daily life more efficient, and they carry the same mental processes into the workplace. However, inaccurate human resource management decisions result when evaluations of a worker are influenced by generalizations about that person’s group rather than based on assessment of that individual.[101]

The influence of stereotypes is remarkably subtle, automatic, and difficult to eliminate from our thinking. For example, research has demonstrated that individuals tend unconsciously to seek out information confirming stereotypes at a greater rate than information contradicting them, and they unconsciously notice and remember information which confirms stereotypes more than information which contradicts them.[102] Thus, in writing performance evaluations, supervisors may honestly feel they are objectively assessing the performance of workers from different groups while actually applying unconsciously distorted judgments. Because many widely-held stereotypes about African Americans are unfavorable, this research predicts that these unconscious distortions operate to their disadvantage in situations such as hiring decisions in advertising agencies.

The second building block of systemic barriers to inclusion is *ingroup bias*. Like stereotyping, ingroup bias reflects mental categorization -- in this case, simply “us” (whatever group we belong to) versus “them” (anyone not belonging to that group). Social psychological research has repeatedly demonstrated a tendency to perceive and treat members of other groups less favorably than members of our own group.[103] In some workplaces, members of one’s group are explicitly favored -- for example, when an advertising agency hires the boss’s former fraternity brother when he is not the most

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[101] Bielby (2000); Devine (1989); Bodenhausen and MacCrae (1996).

[102] Myers (1997) p. 364; Erber and Fiske (1984); Macrae, Milne, and Bodenhausen (1994); Darley and Gross (1983).

[103] Jones (1997), p. 140; Linville and Jones (1980); Jones (1997), p. 224.

qualified candidate. But the effect more often operates unconsciously. For example, research has established that the same workplace accomplishments tend to be interpreted differently depending on whether an employee is a member of the interpreter's group ("Their ad campaign failed because they're incompetent; ours failed because we focused our best efforts on a more important client. We succeeded because we are brilliant; they succeeded because of luck."). When managers and other human resource decision-makers are overwhelmingly White -- as in general market advertising agencies -- this research predicts that ingroup bias operates against African Americans.

The third building block of systemic barriers to inclusion is *stereotype threat* -- situations in which a worker's concern about being judged based on negative stereotypes adversely affects the worker's actual performance. Social psychology research has documented, for example, that racial minorities and women tend to score worse on written tests when reminded that their group is expected to do poorly.[104] A similar dynamic can apply in a work group when a woman or race/ethnic minority feels pressure as the conspicuous "token" member of his or her demographic group. Related research has demonstrated that if a job interviewer acts nervous when interviewing a job applicant, the applicant tends to perform less well in the interview, and Whites tend to act unusually nervous when interviewing Blacks.[105]

The fourth building block of systemic barriers to inclusion is *inconsistent judgments of performance.* Performance expectations can affect assessments of individuals' workplace performance in complex ways. For example, when supervisors who expect an employee to perform poorly based on group stereotypes instead encounters competent performance, the supervisors tend unconsciously to be more skeptical of that performance than when the same level of competence is demonstrated by an employee expected to do well.[106] A similar dynamic may underlie the often-observed pattern of minority job candidates repeatedly making the "short-list" for a position but never getting selected. Psychologists reason that decision-makers in this situation tend unconsciously to compare the minority applicant to the stereotype of his own group rather than to all applicants for the position, judging him "good for a Black person," but then unconsciously assuming that he joins his whole group in not being competitive with Whites.[107]

The fifth building block of systemic barriers to inclusion is *subjective decision-making*. As a later section of this chapter will discuss, one way to control bias involves ensuring that decisions such as hiring or promotions are guided and disciplined by explicit criteria based on qualifications actually contributing to job performance. Conversely, unconscious bias exercises its maximum effect when such decisions are

[104] Steele (1997); Fiske and Lee (2008), p.32.

[105] Word, Zamma, and Cooper (1974); Darley and Gross (1980).

[106] Fiske and Lee (2008), p. 27. See also Sego (1999), p. 71.

[107] Fiske and Lee (2008), p 27.

based on subjective judgments without explicit standards. In the language of sociological research, bias is worse when a workplace's "…normative structure is weak, when the guidelines for appropriate behavior are vague, or when the basis for social judgment is ambiguous."[108] Thus, hiring and promotions decisions based on loose impressions such as "I know talent when I see it" are particularly bias-prone. As Chapter III described, the qualities advertising agencies seek in hiring managers and professionals, such as "creativity" or "good with people," often lend themselves to such subjective judgments.

The sixth building block is *traditional business practices*. Business firms often like to describe themselves as finely honed machines, with every aspect of their operations carefully designed for maximum efficiency.[109] But in reality, their operating practices commonly reflect efficiency and rationality mixed with substantial amounts of inertia ("it's the way we have always done it"), risk avoidance ("change would be controversial"), and ignorance ("other firms do it that way, so I guess it must be the best way").[110] This mixture is particularly common with respect to human resource management practices, where many firms rely on long-established job descriptions, hiring criteria, recruiting channels, and compensation practices when changing circumstances should have led to revisions.

In the advertising industry, one major instance of bias from traditional business practices reflects the history of racially-segregated consumer markets described in Chapter II. As that chapter noted, early in the Twentieth Century, American firms commonly hired racially-segregated sales forces to serve Black consumers, and "ethnic" advertising agencies developed separately from general market agencies to match that same market segmentation. Many advertising firms continue to think in terms of such racial matching when hiring -- for example, by considering Black job candidates only for vacancies in Black advertising agencies or on accounts targeting Black customers. Such employers ignore or discount the applicability of African Americans' skills to general market work.

The seventh building block of systemic barriers to inclusion is *differences in access to social networks*. In advertising, as in many other industries, personal introductions and referrals, word-of-mouth information about unannounced job vacancies, and informal coaching on how to be an effective job applicant often make the difference between getting hired or not. After hiring, insider information and personal contacts often continue to be crucial in landing key work assignments or getting noticed by senior management. Such career–crucial assistance is often obtained through personal relationships and informal socializing, for example, among co-workers who drink together after work, play golf together, or know each other through outside activities such

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[108] Brief (2008), p. 23.

[109] Lazear (1995).

[110] Bendick, Egan and Lofhjelm (1998), especially pp. 10-11.

as their church or their children's school.[111] In American society, these informal social networks are often strongly segregated along racial and other lines, with the best jobs, best contacts, and best information typically found in White social circles in which Blacks do not often participate. In consequence, "A large body of research, using both quantitative and qualitative approaches, conducted in a wide range of industries and occupations, shows that referrals, word of mouth, and similar informal recruitment mechanisms perpetuate the existing racial composition of a workforce and creates barriers for African American's entry into white-dominated jobs."[112] As Chapter II discussed, such recruiting practices remain common in the advertising industry.

The eighth building block of systemic barriers to inclusion is *cumulative micro-inequities*. In many workplaces, racial differences in treatment are not dramatic. For example, average annual salary increases for Black employees might be only a few hundred dollars lower than those for their White colleagues; the wording in performance evaluations for Blacks might be only slightly less enthusiastic than for equally-performing Whites; or Blacks might be included in some client contact activities but not all those in which their White colleagues participate. Such marginal differences in treatment are difficult to challenge as they arise because to do so might seem like quibbling, not being a "team player," or needlessly distracting from the organization's "real work." However, the small size of individual micro-inequities is belied by their cumulative effect. As individuals' careers develop over years and decades, the ways the individuals are perceived and treated and what opportunities are open to them at each moment tends to be shaped by the track record they have accumulated prior to that moment. Thus, each micro-inequity has both an immediate effect and a "ratcheting" effect as decision-makers react to an employee's past record.[113]

This cumulative effect is readily illustrated in terms of salaries. Suppose that two advertising employees are hired at $100,000 per year, and that subsequently they receive annual raises of 5% and 4.5%, respectively. In the first year, that difference amounts to only $500. However, if this difference is repeated each year over 20 years, the gap in earnings will grow to $24,000 per year, and the cumulative earnings deficit for the dis-favored employee will total nearly $200,000.[114] A similar cumulative effect can operate through career "tracking." In many workplaces, some employees are singled out early in their careers as having unusual promotion potential. Their designation may be formal (for example, through selection for a firm's "fast track" management development program) or simply embodied in informal perceptions and widely-held assumptions ("He's the boss's fair haired boy."). However it arises, differences in career advancement tend to become self-fulfilling prophecies. The "fast track" label itself tends to grant

[111] Granoveter (1974).

[112] Bielby (2008), p. 67.

[113] Long (1990); Merton (1968); Blanchard and Summers (1986).

[114] Egan, Bendick, and Miller (2002).

favored individuals more access to work assignments offering skill development, experience, or visibility. If employees not bearing that label receive work assignments with more limited "grooming" benefits, then these employees will not be as qualified for promotion when a promotional opportunity vacancy becomes available. Thus, an unbiased promotion selection process may still produce a biased result because bias affected access to preparatory opportunities months or years earlier.[115]

When such processes create even small differences in individuals' career outcomes, administrative processes tend to amplify those differences into large differences in group outcomes organization-wide. For example, consider a hypothetical advertising agency with eight levels in its managerial hierarchy, a system of "promotion from-within," and equal numbers of Black and White employees at the lowest level. If the promotional process at each level has a bias in favor of Whites amounting to only one percent of the promotion rate, White representation at the top level in the organization will be 65%.[116] Thus, micro-inequities affecting individuals translate directly into broad patterns such as "glass ceilings" in the representation of minorities at higher levels of management.

The ninth and final building block in systemic barriers to inclusion is *lack of awareness.* The processes of biases just described tend to operate so automatically, swiftly, subtly, incrementally, and unconsciously that managers and other human resource decision-makers typically perceive themselves as objective and unbiased in their decisions. These managers then react strongly against any suggestions that they are biased and adamantly oppose changes in personnel practice to offset bias as "watering down standards" and hiring unqualified persons. Such reactions appear implicit in the advertising industry's insistent focus on upgrading the quality of Black job aspirants.

Managers' adherence to this position is bolstered by the psychological benefits they derive from believing that their firm selects its leaders based on merits. Those who have risen to positions of authority under advertising agencies' traditional practices tend unconsciously to overestimate the extent to which these decision processes are just. Such perceptions reassure successful people that they have gotten what they deserve, provide a way to feel pride in their achievements, and rationalize not taking responsibility for lack of success by others.[117]

An Agenda for Meaningful Change

Together, these nine building blocks of systemic barriers to inclusion are likely to create powerful, self-perpetuating systems of behavior within advertising agencies.

[115] Valian (1998); see also Futeron and Wyer (1986).

[116] Martel, Lane, and Emrich (1996).

[117] Myers (1990), p. 360.

Dismantling these systems and developing an inclusive workplace culture to replace the current exclusionary one is therefore a difficult task. However, if the employment disparities catalogued in Chapter IV are to be eliminated, removing their underlying mechanisms of bias must be the core agenda for advertising industry reform.

In reforming the workplace culture of advertising agencies, actions to "expand the pipeline" of "qualified" African Americans seeking positions in advertising have little or no role. As we stated in the second paragraph of this chapter: "Instead of trying to change African American job aspirants, employers in the advertising industry need to change their behavior as employers."

Equally out of place in this agenda are anti-bias initiatives in advertising agencies which substitute symbolism for serious effort.[118] This category includes repeated public statements in favor of equal opportunity by senior managers that call for action but are not followed up.[119] It also includes company policies that forbid discrimination but which operate passively, being invoked only after discrimination has occurred if the affected party initiatives a formal complaint.[120]

In place of such symbolic but ineffective responses, social and behavioral science research has identified seven elements typically involved in serious efforts to change workplace cultures to eliminate bias.

The first element is *commitment by top leadership.* Advertising agencies' senior managers, especially their CEOs, must be visible in stating the importance of organizational reform, articulating its goals, and establishing a clear expectation that all employees will support the effort. Senior executives must communicate these messages persistently and insistently, in their actions as well as their words. In most businesses, middle managers constantly confront multiple demands on their time and attention and therefore must constantly assess which demands are most important. Only senior management can signal that changing their agency's workplace culture to eliminate bias takes priority and that serious organizational change rather than token efforts is really wanted. Perfunctory support from company leaders will evoke only perfunctory compliance.

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[118]Susan Bison-Rapp (1999), Edelman (1994).

[119] Many such statements have been made over the years, of which the following is representative: Addressing the AAAA in 1968, John Elliott, Jr., Chairman of Ogilvy & Mather, boldly described the failure of the industry to hire more Blacks as "the great moral issue of our time." Comparing advertising agencies to banks and insurance companies, he concluded, "our record is not even average. We bring up the rear." Correcting that, he said, "is a job for top agency management" (O'Connor, 1993). The audience received this speech with prolonged applause (Chambers, 2008, p.192). However, when Mr. Elliott appeared before the same organization one year later to report on responses to his challenge, his appearance was the "second most poorly attended session of the conference" (Chambers, 2008, p. 200).

[120] Bielby (2008), p. 69.

In workplaces where efforts against bias have been successful, the second element in efforts to change the culture is enunciation of a *business case for inclusion*. To be sure, some of the reasons organizations want to eliminate bias are legal -- to avoid lawsuits for violating employment discrimination laws -- and some are moral -- that equal opportunity is "the right thing to do" and "the American Way." However, research on organizational change concludes that anti-bias efforts become permanently rooted in firms' workplace cultures only when they are also seen as generating concrete business benefits. These benefits may derive, for example, from access to previously-untapped pools of talented employees, enhanced productivity in work teams, improved internal communication, or better relationships with customers.[121] If these benefits are openly discussed and linked to a business's core goals and strategy, then efforts to enhance inclusion will tend not to be considered distractions from the organization's "real work" and ignored as soon as the pressure is off. Explicit statements of the "business case for inclusion" need to be developed and communicated throughout the firm.

The third element in serious efforts to eliminate workplace bias is actions to *change employees' behavior* at all levels in the organization. The goal of these efforts is to contain biased attitudes and delete biased behavior, whether their origins are conscious or unconscious, and provide unbiased alternatives. Several approaches are often required. One is establishing and enforcing "zero tolerance" policies for prejudiced, discriminatory, or harassing behavior. Forbidden activities should include small-scale words or acts, such as casual remarks or jokes, which open the door to more serious biased or aggressive behavior.

Another typical activity to change employee behavior is training. This training needs to be provided to staff at all levels in the organization, since workplace culture is a "360 degree" process which all employees help to shape. In addition, more intensive training is usually appropriate for managers and supervisors. Research has established that effective training starts by raising employees' awareness of inclusion issues, including explaining the building blocks of systemic barriers to inclusion discussed in this chapter. But awareness alone does not normally change behavior. Effective training uses real-life examples drawn from the specific workplace to develop behavioral skills for dealing with practical situations.[122] To make such lessons "stick" often takes repeated training over several years, as well as on-the-job follow-up reminding and assisting trainees to apply their new skills.

The fourth element in serious efforts to eliminate bias from corporate cultures is establishing *human resource management procedures* which embody principles of transparency, objectivity, and genuine performance-relatedness. In recruitment, word-of-mouth and "tap on the shoulder" processes for identifying job candidates need to be replaced with open postings of job vacancies so that all interested parties can apply. In hiring and promotions, subjective decisions need to be disciplined with systematic ratings

[121] Sego (1999), p.71; Kochan et al. (2003); Bendick, Egan, and Lofhjelm (2001), p. 17.

[122] Bendick, Egan, and Lofhjelm (2001), p. 18; Bendick and Egan (2000), Appendix B.

of job candidates on explicit criteria reflecting qualifications and skills relevant to job performance. In performance evaluations, quick scores based on overall impressions need to be refined through detailed review of employees' actual performance. In career development, distribution of advancement-preparatory assignments only to a favored few employees needs to be expanded to a broader range of persons seeking advancement. Research has established that correctly-designed, consistently implemented human resource management systems and procedures can minimize the influence of stereotypes, ingroup favoritism, and similar sources on bias on employment outcomes.[123]

The fifth element in serious efforts to change corporate cultures is *accountability* translating the broad goal of bias reduction into immediate personal consequences for mid-level managers, first level supervisors, and others. Managers and supervisors who make evaluative judgments should be required to defend the accuracy of the information they use for their decisions and the outcomes of those decisions, especially through regular reviews and audits. Behavior inconsistent with equal opportunity needs to be sanctioned promptly and visibly, and contributions toward equal opportunity need to be rewarded in performance appraisals, raises, and promotions. Managers' performance evaluations should contain specific criteria grading their contribution to equal employment opportunity, and their score on these criteria need to be linked directly to their compensation and career advancement.[124]

The sixth element is *monitoring of the firm's inclusiveness.* It is a well-established maxim in business that "businesses manage what they measure."[125] Organizations serious about eliminating bias from their corporate cultures set up systems to self-monitor their progress on a recurrent basis, usually annually. One common type of monitoring is periodic workplace climate assessments through anonymous employee surveys. Another is periodic summaries of employee complaints, disputes, and charges. A third is statistical analyses, modeled on those in Chapter IV, in which the company systematically measures racial disparities in salaries, employment representation, and employee assignments.

The seventh and final element in serious efforts to eliminate bias is *sustained effort*. The organizational changes described above cannot all be implemented instantly, and their effects take a while to be felt. Replacing old habits with new ones may take repeated tries. Cultural transformation can be disruptive for organizations and threatening to individuals who prospered under the old rules, so internal opposition may have to be overcome.[126] Reflecting these circumstances, research suggests that changing a workplace's culture with respect to bias often requires from three to five years of

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[123] Bielby (2000).

[124] Bielby (2008), p. 68.

[125] Bendick, Egan, and Miller (2008).

[126] Kochan et al (2003); Bendick, Egan, and Lofhjelm (2001).

sustained effort.[127] But if general market advertising agencies make that effort, the change should be effective and permanent, and the forty year cycle of bitter charges and ineffective responses will finally be broken.

Inclusive Workplaces Benefit Multiple Outgroups

This chapter's discussion of modern racism and systemic barriers to inclusion draws on research conducted on many different demographic groups facing workplace discrimination, including non-African American race/ethnic minorities such as Latinos and Asians, women, older workers, and persons with disabilities. In fact, this research usually states its findings in terms of relationships between generic "high status groups" and "low status groups" or "ingroups" and "outgroups" rather than Blacks versus Whites *per se*.

Researchers' interest in understanding how bias affects a broad range of outgroups is no accident. The tendency to erect systemic barriers to inclusion is characteristic of a workplace culture, not of any particular excluded group. Thus, a workplace which incorporates bias against African Americans is likely to incorporate parallel biases against other outgroups as well.[128]

Does this pattern apply in the advertising industry? Because the focus of this report is African Americans, we have not analyzed discrimination against other groups in the same depth as we have for race. However, indications of broader bias in the advertising industry are so widespread that we repeatedly encountered them while pursuing our race-focused analysis. In many cases, the parallels to patterns we have documented for African Americans are strikingly close.

The most obvious parallels to the situation of African Americans involve other race/ethnic minorities, such as Latinos, Asians, and Native Americans. Many of the public hearings and reports summarized in Chapter V explicitly considered bias against Latinos as well as Blacks, and the Memoranda of Understanding signed in 2006 set employment goals for "minorities" rather than African Americans *per se*. When our own statistical analyses have included other minorities, they have documented patterns of exclusion parallel to those documented for African Americans.[129] And when the advertising industry has attempted to increase employment of these groups, the efforts have taken the same "expand the pipeline" approach as for African Americans.[130] For

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[127] Bendick, Egan and Lofhjelm (2001), pp. 19-22.

[128] Bielby (2008), p. 60.

[129] For example, Section C of Table A-7 analyzes the exclusion of minorities other than African Americans from "white-dominated" establishments in the advertising industry and finds this exclusion even more extensive than for Blacks.

[130] Advertising Age (1999), p. S4.

example, the AAAA's Multicultural Advertising Intern Program is open to Latinos, Asian Americans, Native Americans, and multi-racial/multi-ethnic individuals as well as Blacks.

Widening the range of exclusion further, consider the following indications of gender discrimination in the advertising industry.

- A survey conducted by the Advertising Women of New York in 1993 found that women in advertising with less than five years experience were paid 76% as much as their male counterparts, while women with 20 years or more experience were paid 67% as much as males with equal experience.[131] Our own multiple regression analysis of salaries of college graduates employed in advertising estimates the "penalty" in annual earnings for women compared to men at $12,000 to $18,000 per year -- very similar to the penalty of about $14,000 per year estimated for Blacks compared to Whites.[132]

- Like African Americans, women appear to be substantially under-represented among advertising managers and professionals compared to their expected representation. A survey conducted by the AAAA in 1994 found only 73 women in senior managerial positions among their member agencies, and by 2005, the number had risen to only 265.[133]

- In a classical "glass ceiling" pattern paralleling that for African Americans, women accounted for 77% of clerical workers in advertising agencies, but only 58% of professionals and 47% of managers.[134]

- Women creative employees encounter difficulties winning peer recognition similar to those documented earlier for African Americans. For example, when Diane Rothschild was inducted into the One Club's Creative Hall of Fame in 2005, she was the first woman chosen since 1974.[135]

- For more than 100 years, women within advertising agencies were assigned almost exclusively to products targeting women customers, from feminine hygiene products to household cleaners.[136] These assignments stereotypically

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[131] Danzig and Wells (1993). See also Gaines (1994) and Miller (1993).

[132] See rows (2) of Table A-10.

[133] Bosman (2005). See also Sego (1999) and Bainbridge (1998).

[134] Bosman (2005).

[135] Bosman (2005).

[136] Sivulka (2008); Cadwalladar (2005).

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assumed that women lacked skills applicable to other assignments, just as African Americans are assumed not to have skills applicable to general market products.

- In a controlled experiment, both male and female advertising students were found to discriminate unconsciously against female job candidates in evaluating their qualifications for advertising jobs. These unconscious biases directly paralleled those against African Americans documented in the same study.[137]

- The social atmosphere in the advertising industry is often described as a "good old boys' club" or "fraternity," with women excluded from the activities in which personal relationships crucial for advancement are formed. "The whole culture was about going to ride Harleys together and go golfing. They'd go to biker bars and go fishing in Canada together. I wasn't invited into that clique," reported one woman.[138]

Similarly, consider these indications of age discrimination in the industry:

- In an online poll by *Advertising Age* in 2006, poll participants overwhelmingly agreed that advertising agencies tend to discriminate against older workers, especially through stereotypically assuming that older employees were not capable of handling new media technology. As one survey respondent stated, "Age discrimination is so obvious it hurts."[139]

- Litigation alleging age discrimination was recently filed by a 54 year old senior executive terminated after a long and successful career at McCann Erickson (a unit of Interpublic). In commenting on the lawsuit, one prominent industry recruiter stated, "Having 15, 20, or 25 years of experience can actually be a disadvantage. It's no secret that this is a young person's business, and I don't have the solution to that problem." [140]

- More than 59% of employees in the advertising industry are ages 25-44, compared to 50% of their counterparts in all industries. "Writers and art directors are usually between 25 and 35," according to one official at WPP. "The preoccupation with youth in the advertising business affects us at a profound level."[141]

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[137] Sego (1999), pp, 70-71.

[138] Bosman (2005), p. 2.

[139] Duttge (2006), p. 4. For research documenting the prevalence and impact of the stereotype that older workers cannot deal with new technology, see Bendick, Jackson, and Romero (1996).

[140] Creamer (2006).

[141] Mahoney (2004), p. 46.

- According to one industry recruiter, "Ageism in advertising has always been the big elephant in the living room that nobody wants to talk about. Agencies use a kind of code when they are hiring, but everyone knows what it means. For example, 'We don't need someone too experienced' or 'We want someone on their way up' translates to 'Get me someone younger.' Likewise, 'This person wouldn't fit in our hierarchy' means 'We don't want a 45-year old reporting to a 30 year old.'"[142]

- Age discrimination generates occupational segregation similar to that observed for African Americans. For example, older workers may be excluded from teams working on agencies' highest profile accounts or the new business department.[143]

These parallels between the experiences of African Americans and other outgroups suggest an important point. Suppose general market advertising agencies were to succeed in wringing bias out of their employment practices by adopting the change agenda laid out in this chapter. Then employers would assess employees *of all backgrounds* more accurately and would provide career opportunities more equitably corresponding to the qualifications and contributions *to all employees*. Thus, the newly adopted workplace cultures would simultaneously expand employment opportunities for many other groups besides African Americans. These beneficiaries would include groups with demographic characteristics protected under employment discrimination laws, such as women, minorities, older workers, and persons with disabilities. It would also benefit individuals who, although they are non-disabled White males of prime working age, are not in the ingroup social networks which have traditionally dominated many advertising agencies. In that circumstance, the equal opportunity benefits of organizational reforms in the advertising industry would far exceed the thousands of jobs and millions of dollars measured in Chapter IV.

[142] Mahoney (2004), p. 46.

[143] Mahoney (2004), p. 46.

VII. Mobilizing External Pressure for Industry Change

> *When things need to change dramatically, it's probably not going to happen in an evolutionary way. You can find some readily identifiable catalyst that changes the course of where something's going. Do I see the catalyst on the horizon that's going to get the general-market agencies to change? No.*
>
> *Renetta McCann, CEO*
> *Starcom North America*[144]

Major transformations in workplace cultures to enhance inclusion seldom occur voluntarily. As Chapter VI discussed, whatever the benefits of the changes to both business firms and the broader society, the transformation itself is potentially disruptive and costly. It is also likely to mean psychological or other losses for individuals who would have to approve and implement the reforms. In consequence, employers in many industries other than advertising have followed the same path as the advertising industry: first ignoring the issue; then making supportive but non-binding statements of good intentions; and then "expanding the pipeline" as a substitute for changing their own behavior. Firms such as these usually only commit to the hard work of creating inclusive workplace cultures only when forced by substantial, sustained *external* pressure.

How can such pressure be brought to bear on the advertising industry to foment actions of the sort outlined in Chapter VI? This chapter examines three strategies examined in social and behavioral science research: more effective public oversight; pressure from agency clients; and class action litigation. If correctly implemented, each of these strategies can contribute directly to that goal. In addition, each can synergistically reinforce the other two. Therefore, the likelihood of achieving significant change in the advertising industry would be maximized if all three strategies were simultaneously pursued.

Public Oversight Maximizing Transparency

As Chapter V reported, little industry response has resulted from decades of public hearings and reports. Research suggests that this limited impact is at least partly traceable to these initiatives' inappropriate design and implementation.

[144] Charski (2004), p. 21.

The public agencies and private advocacy groups producing the hearings and reports discussed in Chapter V lack substantial enforcement powers of their own. In particular, the enforcement powers of NYCHR are limited to imposing fines of up to $250,000 if it finds discrimination resulting from a willful or malicious act. These fines are too small effectively to deter firms operating on the multi-million dollar scale of the large advertising firms described in Chapter II.

In that circumstance, hearings and reports which document employer discrimination are likely to prompt major changes in employer behavior only if they provide information that empowers other "stakeholders" who are better positioned to influence those employers. This interpretation of the role of public oversight is often labeled *informational regulation* (IR), defined as[145]

> regulation which provides to third parties information on company operations....[I]nformational disclosure opens up the traditional bilateral relationship between the regulator and regulated to include other social institutions, most importantly, economic markets and public opinion.

In the advertising industry, influential third party stakeholders potentially include:

- *investors* in advertising agencies, such as stockholders, who might oppose discrimination either on moral grounds or on grounds of business inefficiency;
- *client firms* of the advertising agencies, whose own commitment to equal opportunity and diversity might include requirements that their suppliers be discrimination-free;
- *business insurers*, who might refuse to insure advertising agencies against claims for employment discrimination if such claims are likely to prove viable;
- *consumer groups* or other advocacy organizations, which might organize consumer boycotts;
- *the news media*, including the trade press such as *Advertising Age* and *Advertising Week*, as well as bloggers focusing on the advertising industry.
- *sources of potential employees*, such as colleges and universities, who might advise talented students not to seek employment at advertising agencies with bias-ridden workplace cultures and discriminatory compensation;

[145] Kleindorfer and Orts (1998). See also Fung, Graham, and Weil (2007) and Egan, Mauleon, Wolff, and Bendick (2008).

- *public agencies*, such as the federal Equal Employment Opportunity Commission or federal Office of Federal Contract Compliance Programs, which have more extensive enforcement powers; and

- *private litigators*, who might bring lawsuits for violations of employment discrimination laws.

For informational regulation to empower such third parties to influence advertising firms, public oversight would have to be structured differently from past efforts.[146] In particular, enhanced informational regulation is a stated objective of the 2006 Memoranda of Understanding (MOUs) between the NYCHR and major advertising agencies, which are intended to "promote greater transparency in the industry" and provide information enabling better oversight in the industry.[147] However, in practice, the MOUs undercut, rather than enhance, stakeholders' ability to pressure the industry, in at least four ways:

- *Data are not released*: For informational regulation to be effective, stakeholders must have access to data collected through reporting. Although the MOUs require advertising agencies to establish numerical goals for minority hiring and report annually to the NYCHR whether they have met those goals, those reports are not made public. They are not even distributed to interested parties by special request. For example, the NYCHR has been reluctant to provide information on advertising agencies to the Civil Rights Committee of the New York City Council.[148]

- *Data are not useful*: For informational regulation to be effective, the data collected must be accurate, detailed, and meaningful. Under the MOUs, inadequate specificity in reporting requirements means that the information collected is difficult or impossible to interpret. For example, hiring is reported in terms of "minorities" without a consistent definition of which race-ethnic groups are included;[149] data do not allow problems specific to individual race/ethnic groups to be identified;[150] results are released only in summaries, not their full

[146] Tietenberg (1998), pp. 593-599; Egan, Mauleon, Wolff, and Bendick (2008).

[147] Newman and Pustilnik (2008), p. 4.

[148] Council (2008), p. 9. In October 2008, when the authors of this report requested more detailed data from the NYCHR's Director of Communications, the response was a request to "let me know…how the information will be used" and a copy of an already-released Commission summary. The Commission also did not provide all MOUs, instead sending only two which had already been publicly released.

[149] Sanders (2007).

[150] For example, in 2007, African Americans reportedly constituted 30% of minority hires at Ogilvy and Mather but only 10% at Draft FCB (McIlroy, 2008, p.2).

detail; results are reported in percentage terms without disclosing the actual number of hires; and data are collected for hiring with no corresponding information on terminations.

- *Goals are not meaningful*. Under the MOU's, each signatory agency sets its own annual hiring goals. This allows agencies to set goals using any criteria they wish, including setting them so that they can be reached without any change in agency hiring.

- *Public attention is put on hold.* The MOUs specify that, during the three years the MOUs are in effect, NYCHR will conduct no further investigations of the agencies and hold no public hearings.

While the oversight role of the NYCHR obviously needs strengthening, other public agencies could also undertake their own informational regulation initiatives. For example, the Federal Equal Employment Opportunity Commission periodically issues reports summarizing employment data on industries where it believes special attention is warranted -- in recent examples, investment banking, law firms, upscale department stores, and mass media.[151] The advertising industry seems to justify such a focused report. Other federal agencies, including the U.S. Commission on Civil Rights, Women's Bureau of the U.S. Department of Labor, and relevant Congressional committees, could also undertake hearings or studies to focus attention on these issues.[152] Counterpart agencies in New York City and New York State could also pursue such activities.

Redirected Pressure from Client Firms

With or without encouragement from public oversight, advertising agencies' client firms are a second promising source of influence on advertising agencies. As Chapter II discussed, advertising agencies' survival and prosperity depend on constantly winning business from client firms. If these clients demanded inclusive employment practices in their advertising agencies, the pressure on the agencies to change their employment practices could be substantial.

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[151] For example, EEOC (no date) at www.eeoc.gov/stats/reports.

[152] In addition, in what would be a particularly innovative approach to informational regulation, Cyrus Mehri and his colleagues have proposed that the federal Securities and Exchange Commission require publicly-traded firms to disclose extensive employment data in their corporate annual reports (Mehri and Erdley, 2008, pp. 4-8; Mehri et al., 2004). The "Big Four" advertising agency holding companies are all publicly traded (Omnicom and Interpublic on the New York Stock Exchange, WPP on NASDAQ, and Publicis via American Depository Receipts, ADRs).

This pressure should be particularly easy to mobilize because a small number of highly visible advertisers accounts for a huge volume of advertising work. Table 8 lists the 10 largest spenders on advertising in the U.S., reporting that these ten firms alone control $29.4 billion in advertising expenditures. Furthermore, according to the table, each of the "Big Four" advertising holding companies currently works for at least six of these ten clients.

Table 8
The 10 Largest U.S. Advertisers and their Utilization of the "Big Four" Advertising Agency Holding Companies, 2007 [153]

Rank	Advertiser	U.S. Advertising Spending, 2007 ($ billions)	Omnicon	WPP	Interpublic	Publicis
1	Proctor & Gamble	$5.2	x	x	x	x
2	AT&T	$3.2	x	x		
3	Verizon	$3.0		x	x	x
4	General Motors	$3.0			x	x
5	Time Warner	$3.0	x	x	x	x
6	Ford Motors Corp.	$2.5		x		
7	GlaxoSmithKline	$2.5	x	x	x	x
8	Johnson & Johnson	$2.4	x	x	x	
9	Walt Disney Co.	$2.3	x	x	x	x
10	Unilever	$2.3	x	x	x	
TOTAL		$29.4	7	9	8	6

Client firms such as these are already publicly committed to equal employment opportunity in all aspects of their operations, including their procurement of services from firms such as advertising agencies. For example, the first company in Table 8, Proctor and Gamble, states on its website that[154]

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[153] Based on *Advertising Age*, Marketer Family Trees at http://adage.com/datacenter/.

[154] http://www.pg.com/company/who_we_are/pg_diversity.shtml.

> For the second year in a row, P&G has been recognized by *Black Enterprise* magazine as one of the 40 Best Companies for Diversity. The Black Enterprise list is compiled by identifying companies that have demonstrated significant representation of African Americans and other ethnic minorities in four key areas: corporate procurement, corporate board participation, senior management representation, and total workforce.

In a similar vein, the second company in the table, ATT&T, notes on its website that[155]

> AT&T is known as a pioneer and a national leader in developing and implementing supplier diversity best practices….Supplier diversity is a critical initiative of AT&T's business strategy and a critical component of the company's plan to deliver the best products and services to its customers.

In implementing their commitments on supplier diversity, firms such as those in Table 8 focus primarily or exclusively on ensuring that a substantial proportion of their procurement purchases go to minority-owned firms. Thus, Proctor and Gamble documents its success at promoting equal opportunity by pointing to the fact that it is one of 12 members of the "Billion Dollar Roundtable," spending more than one billion dollars with minority- and women-owned firms.[156] In a similar vein, AT&T, another member of the Billion Dollar Roundtable, reports that more than 12% of its procurement purchases go to "diverse" suppliers, and that its goal is to increase those expenditures to 21.5%.[157]

Applying this approach to their procurement of advertising services, firms such as these in Table 8 tend to focus on the proportion of their advertising agency expenditures going to Black-owned agencies. Unfortunately, that measure does not effectively address the range of Black under-utilization documented in Chapter IV. That measure rewards general market advertising agencies for passing work through to minority-owned firms specializing in minority consumers, deters the general market agencies from integrating that work into their "mainstream" advertising activities, and ignores the extent to which general market agencies fail to employ racial/ethnic minorities in their own staffs. Thus, this monitoring inadvertently creates incentives reinforcing historic patterns of racially segregated employment within the industry.

If advertising agencies' client firms are effectively to pressure advertising agencies to enhance inclusion in their workplace cultures, a necessary first step would be to help the client firms understand the inadequacies of their current approach. Bringing

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[155] http://www.att.com/gen/corporrate-citizenship?pid=7753.

[156] http://www.pg.com/company/who_we_are//diversity/supplier/supplier_article4.shtml.

[157] http://www.att.com/gen/corporrate-citizenship?pid=7753

the present report to the attention of these client firms could be an important first step in this process. Assistance could then be provided to the client firms in designing and implementing more comprehensive measures of the racial inclusiveness of their current and potential advertising agencies.

Large-Scale Litigation

In most industries where substantial increases in equal employment opportunity have been achieved since the 1960s, primary reliance has not been placed on voluntary employer actions. Instead, change has been achieved in large part through litigation enforcing employees' legal rights.[158] Anti-discrimination litigation tends to be costly, protracted, and complicated, with large class actions often requiring multiple years and millions of dollars in legal fees to resolve. Yet, given the ineffectiveness of other approaches to date, and the bad faith apparent in the industry's response to less aggressive initiatives, litigation in this industry appears essential.

Statutory provisions are well-established under which such litigation can be pursued. Under Title VII of the Civil Rights Act of 1964, it is illegal for an employer to refuse to hire or employ, or discriminate with regard to employment based on a worker's race or color, as well as a number of other personal characteristics. Similar provisions are part of state and or local laws in New York where many of the major firms in the advertising industry are found, as well as nation-wide.

To date, public and private litigation to enforce these provisions in the industry has been limited. Over the past 20 years, at least 84 lawsuits have been filed in Federal courts against major advertising agencies alleging violations of civil rights in employment.[159] However, these suits have involved individuals seeking redress for wrongs they have personally experienced rather than classes of employees seeking broad changes in employment practices. Complaints filed with the federal Equal Employment Opportunity Commission have similarly been treated as individual complaints to be remedied individually.[160] Instead, litigation more broad-ranging in scope and conceptual in approach is called for, to match the range, scale, and complexity of the problems documented in this report.

At least three circumstances suggest that such initiatives are likely to succeed in the advertising industry. The first is this report, which provides a template and substantial head start in assembling the statistical and behavioral evidence typically required in class action employment discrimination cases. The second is recent interest

[158] Blumrosen (1993); Donohue and Seigelman (1991); Landy and Salas (2005).

[159] Pacer (2008) These cases have prominently included actions against all of the "Big Four"-- 29 against Omnicom, 21 against Publicis, 17 against WPP, and 10 against Interpublic.

[160] Chambers (2008), p. 204.

by the federal Equal Employment Opportunity Commission in focusing its enforcement resources on systemic discrimination rather than individual complaints.[161]

The third is the history of successful class actions in other industries. Table 9 lists 28 cases which each resulted in court-supervised mandates for widespread changes in the employers' human resource management practices as well as damage payments of tens or hundreds of millions of dollars. [162]

In such class action litigation, it would make sense to give priority to the large, industry-dominating firms reported in Table 2 and at the top of Table A-1. Three considerations support such targeting. First, the large number of employees in these firms means that greater increases in job opportunities would result from successful litigation than with smaller firms. Second, the statistical evidence supporting allegations in class action is often clearer in large firms than small ones. Third, these large firms are high visibility industry leaders. If they can be induced to become more inclusive, then many "follower" firms in the industry are likely to follow suit without further litigation.[163]

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[161] Bendick (2007). The U.S. Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) is another federal agency with jurisdiction over large advertising agencies and a mandate to focus enforcement resources on situations of widespread discrimination. The federal government is the advertising industry's 34th largest client, spending about half a billion dollars annually on advertising. Major federal agencies contracting with the "Big Four" advertising holding companies include the U.S. Army with Interpublic, the Office of National Drug Control Policy with Omnicom, and the U.S. Marines with WPP. Federal contractors are legally obligated to implement both equal employment opportunity and affirmative action. According to the OFCCP's website (www.dol.gov/esa/ofccp), the agency applies statistical tools to "prioritize its resources to address the worst offenders of the law." In light of Chapter IV, it seems unlikely that prioritization system will continue to miss this industry.

[162] The table is adapted from Langram and Schnitzer (2006), p. 144.

[163] Porter (1990); Bendick (1999).

Table 9
Selected Examples of Large Class Action Employment Discrimination Litigation

(a) Industry	(b) Employer	(c) Basis for Complaint	(d) Monetary Settlment ($ million)	(e) Year Settled
Manufacturing	McDonnell Douglas	age, disabilities	$36	1995
	Lockeed Martin	age	$13	1996
	Texaco	race	$172	1997
	Mitsubishi	gender	$34	1998
	Boeing	race	$15	1999
	Coca Cola	race	$192	2000
	Nextel	race, sex, age	$176	2000
	Hughes Aircraft	race	$17	2000
	Conagra	age, disabilities	$39	2003
Retail	Albertson's Supermarkets	gender, ethnicity	$29	1994
	Lucky Stores	gender	$107	1996
	Home Depot	gender	$87	1997
	Publix Supermarkets	gender	$81	1997
	Winn Dixie Supermarkets	race	$28	1999
	Abercrombie & Fitch	race, ethnicity	$40	2004
	Walgreens	race	$24	2008
Other	State Farm Insurance	gender	$250	1992
	Shoney's Restaurants	race	$132	1993
	Southern California Edison	race	$18	1996
	CSX Transportation	race	$25	1999
	AMTRAK	race	$24	1999
	U.S. Information Agency	gender	$508	2000
	Rent-a-Center	gender	$47	2002
	Sodexho	race	$80	2005
	Fedex	race	$55	2007
	Morgan Stanley	sex	$54	2007
	Smith Barney	gender	$33	2008
	New York City Parks Dept.	race, ethnicity	$21	2008

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APPENDIX

TABLES A-1 TO A-11