

Visier Insights™ Report

**Racial/Ethnic Career
Gap Reveals Magnitude
of Equity Challenge**

As urgent calls for social justice erupted in May of 2020, many employers moved quickly to take a stand against racism. In the weeks and months that followed, several large organizations also addressed economic inequality as part of their response, making commitments to place more employees from underrepresented groups into higher paying jobs.¹

This focus on roles is critical—achieving pay equity is more than a matter of “equal pay for equal work.” Many talented individuals from underrepresented groups face discrimination or unconscious bias in hiring decisions, and they don’t have access to the kind of premium education or networks that are often necessary for landing well-paid positions.²

In other words, an opportunity gap exists. A key way to measure this is by examining the underrepresentation of certain groups* in manager positions, a phenomenon called the Manager Divide. Managers typically earn higher salaries than individual contributors, and are valued for making important decisions that are key to the execution of the business strategy.

For this report, we measure gaps in pay and manager representation between individuals from underrepresented groups and their white counterparts using a US enterprise subset of the Visier Insights database, which comprises over 12 million employee records from around 8000 companies.

Unsurprisingly, a significant pay gap exists between underrepresented groups and white individuals. The gap is even wider between Black employees and their white counterparts; and despite vocal support to correct this issue, little improvement was made between 2017 and 2020. There is also a racial/ethnic Manager Divide, with people from underrepresented groups—and Black employees in particular—encountering more obstacles to career progression.

Clearly, there is much more work to do. And acknowledging the truth is the first step to creating the kind of accountability that is needed to move forward.

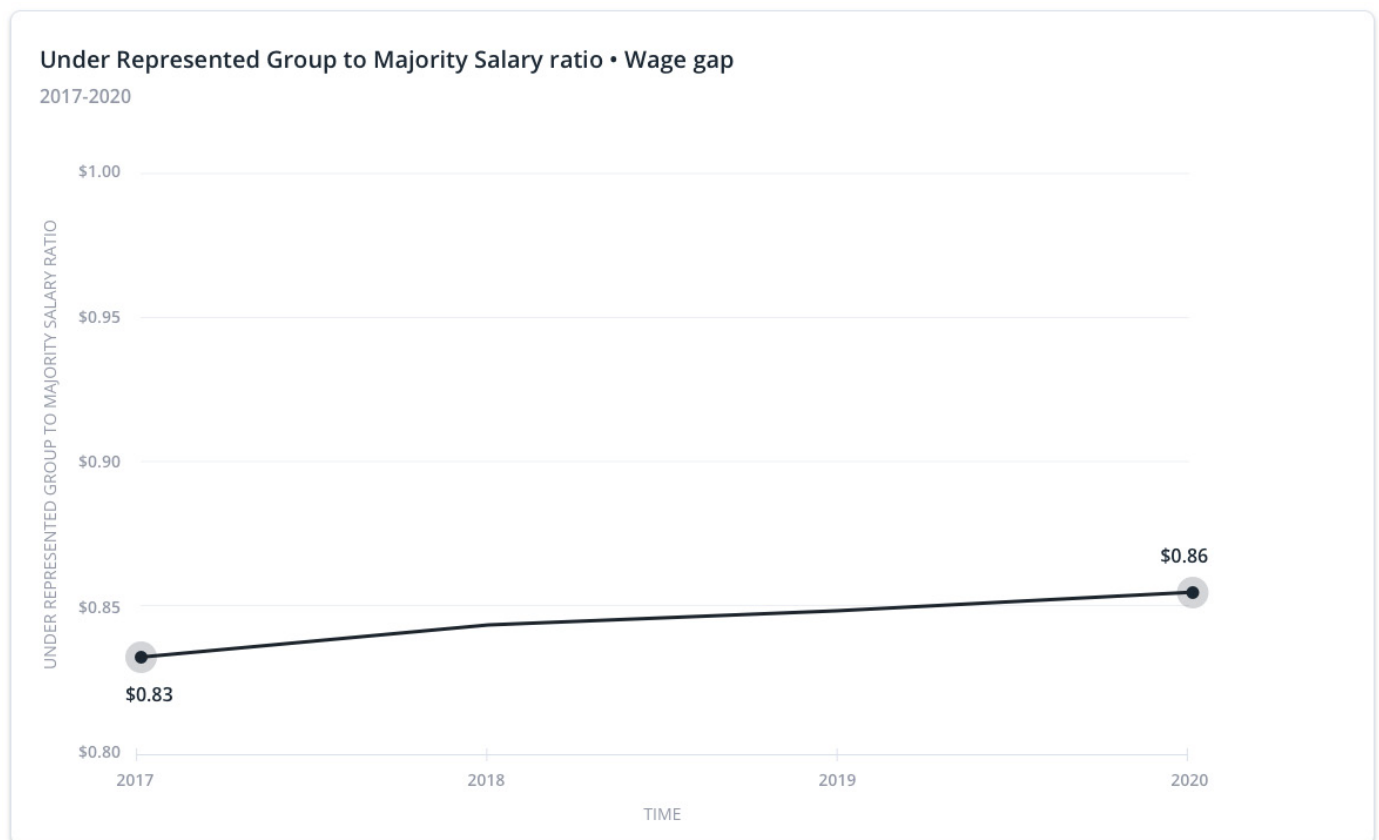
¹ Friedman, Gillian. Here’s What Companies Are Promising to Do to Fight Racism. New York Times. August 23, 2020. [nytimes.com/article/companies-racism-george-floyd-protests.html](https://www.nytimes.com/article/companies-racism-george-floyd-protests.html)

² Goger, Annelies and Jackson, Luther. The labor market doesn’t have a ‘skills gap’—it has an opportunity gap. Brookings. September 9, 2020. [brookings.edu/blog/the-avenue/2020/09/09/the-labor-market-doesnt-have-a-skills-gap-it-has-an-opportunity-gap/](https://www.brookings.edu/blog/the-avenue/2020/09/09/the-labor-market-doesnt-have-a-skills-gap-it-has-an-opportunity-gap/)

*Underrepresented groups include: Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, American Indian or Alaska Native, Asian, Two or More Races.

The pay gap between underrepresented groups and white employees could take more than 25 years to close.

The racial/ethnic pay gap represents a tremendous challenge. In 2020, underrepresented groups made 85.6 cents for every dollar earned by white employees. This is a slight improvement over 2017, when underrepresented groups made about 83.4 cents for every dollar earned by white employees.



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Figure 1: This graph shows the trends in salary ratio for underrepresented groups as compared to their white counterparts. In 2020, underrepresented groups made approximately 86 cents for every dollar earned by white employees, an improvement over 2017.

This gap could persist for more than two decades, however. Between 2017 and 2020, the pay gap between underrepresented groups and their white counterparts closed by approximately 2.2 cents. Continuing at the same rate of progress, it will take approximately 26 years to reach pay equity.

Continuing at the same rate of progress, Black employees won't see pay equity for 78 years.

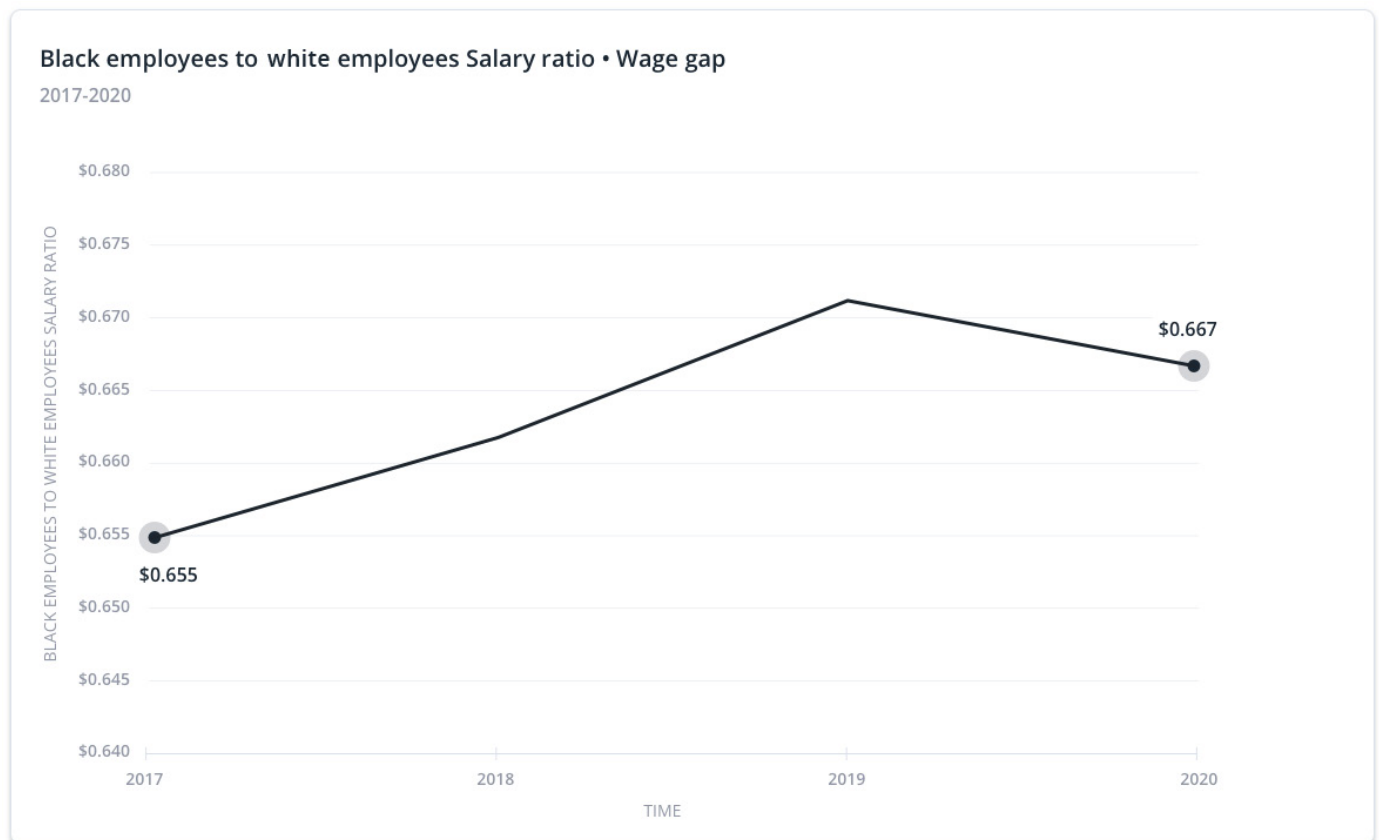
The pay gap between white and Black employees is even more substantial. In 2020, Black employees were paid less than 67 cents for every dollar earned by their white counterparts—and the gap is not showing signs of closing for many generations to come.

In 2017, Black employees earned 65.5 cents for every dollar earned by white employees. This figure increased to 67 cents in 2019. In 2020, however, this amount fell by nearly half of a cent to 66.7 cents, eroding earlier gains. This means that over a period of three years (between 2017 and 2020) the pay gap narrowed by just over a cent.

At this rate, it would take Black employees nearly 78 years to reach pay equity with their white counterparts.

However, the recent wave of public commitments

made by major employers is an encouraging sign that the future may unfold differently than today's reality. The right kind of actions—when executed based on an understanding of the many complex factors contributing to this problem—can shorten the distance between awareness and outcomes.



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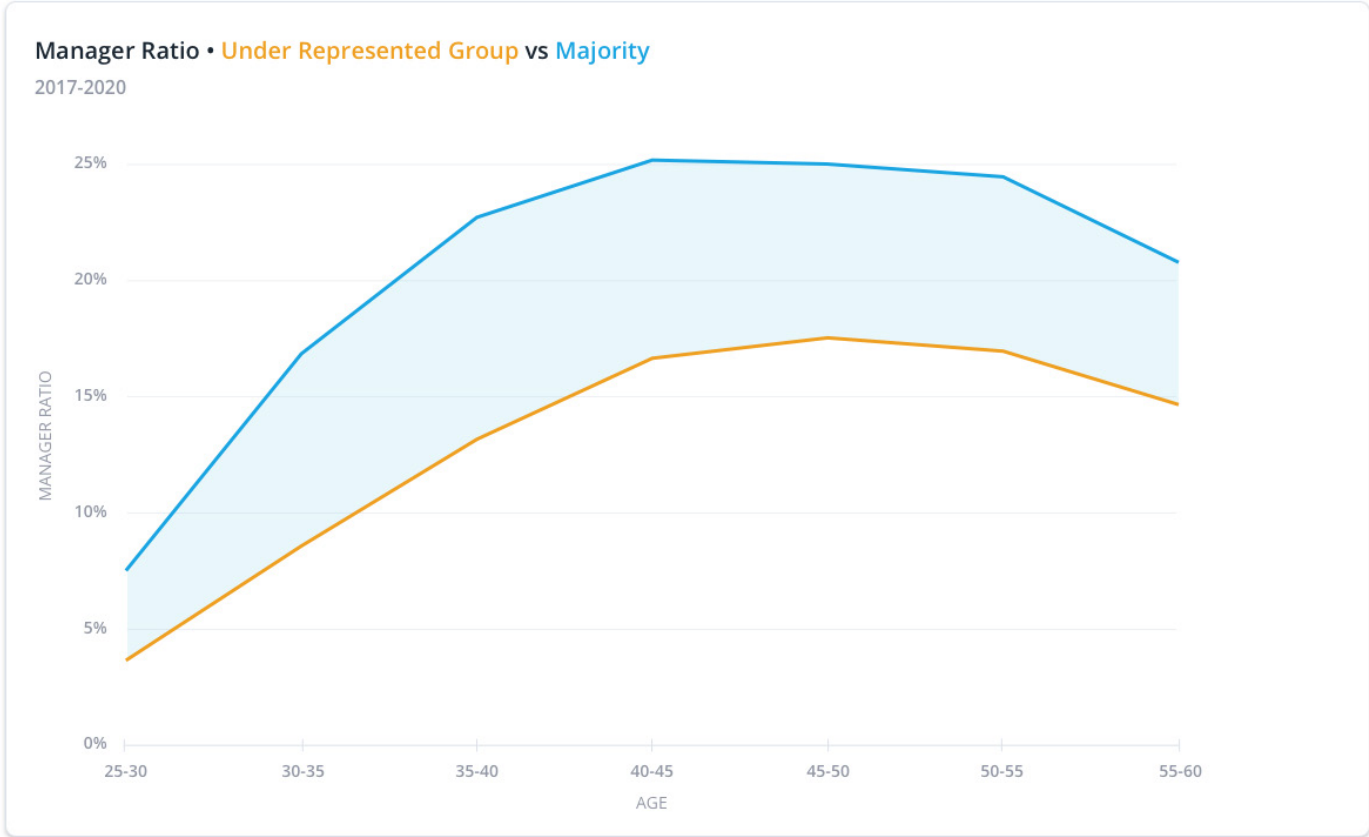
Figure 2: This graph shows the trends in the salary ratio for Black employees compared to white employees. Between 2017 and 2019, the salary ratio rose, and then dipped in 2020.

A racial/ethnic Manager Divide exists, with Black employees facing substantial career progression barriers.

Underrepresented groups face a significant Manager Divide—a clear sign of unfair access to career opportunities. For the 25 to 30 age category, the manager ratio for underrepresented groups is 3.7%, whereas for white employees it is 7.5%. The gap continues to widen until the age of 55, when there is a very slight convergence.

This means that career progression happens later for underrepresented groups, peaking later in their careers and leading to an insurmountable pay gap with no opportunity to catch up to their white counterparts.

Employees from underrepresented groups also have to work longer and harder to get promoted into a managerial role. The white majority group has the highest proportion of managers in the 40 to 45 age group, whereas the underrepresented group has the highest proportion of managers in the 45 to 50 age category.



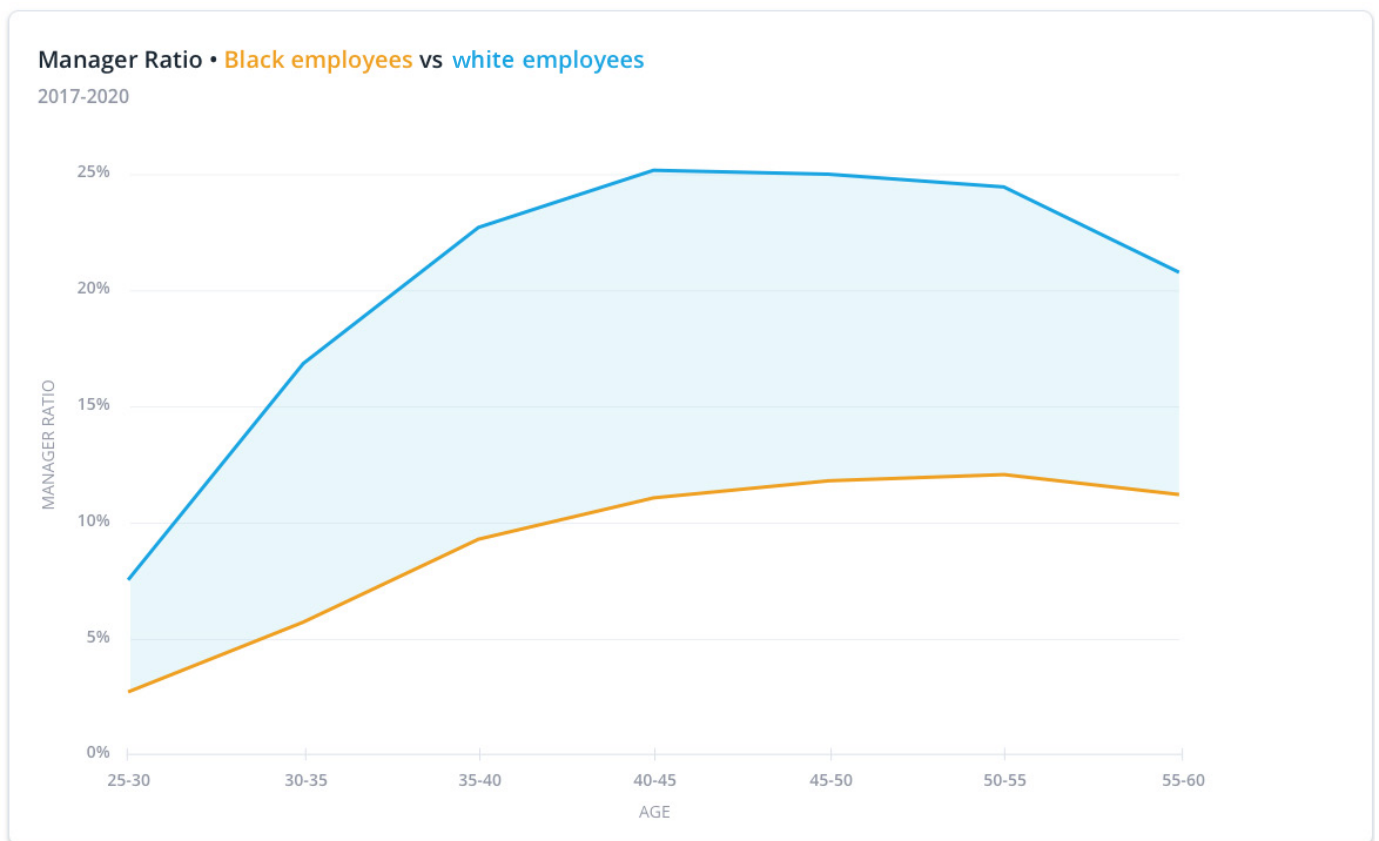
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Figure 3: For the 25 to 30 age group, the manager ratio for underrepresented groups is 0.037, whereas for white employees it is 0.075. The gap continues to widen until the age of 55, when there is a very slight convergence. The manager ratio shows the proportion of each population that hold a management position (e.g. 25% means that 25% of all white employees aged 40-45 are managers).

The Manager Divide is even larger between Black employees and white employees. In comparison to white employees and underrepresented groups in general, the slope of career progression into manager roles is relatively flat for Black employees. At the age of 40 to 45, when white employees are at their peak in terms of the proportion of people who are managers, Black employees are still far behind. For the 40 to 45 age group, the manager ratio is 11% for Black employees and 25% for white employees.

One important thing to note: while a smaller Manager Divide within the youngest age cohorts could be interpreted as a sign that the youngest generation of workers is experiencing progress, this kind of optimism should be treated with caution. The narrower gap likely speaks more to the fact that fewer early-career employees in general are managers.

In addition, it takes 10 years longer for a Black employee to reach their career peak than a white employee. But even then, there is still a significant gap: for the 50 to 55 age group, the manager ratio is 12% for Black employees and 24% for white employees. A key element of addressing the substantial pay gap between Black employees and their majority counterparts, then, lies in addressing this yawning Manager Divide.



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Figure 4: This graph compares the manager ratio by age (the proportion of workers in a particular age group who are people managers) for Black and white employees. A significant Manager Divide persists between Black employees and their white counterparts.

Summary

The sheer magnitude of the racial/ethnic opportunity gap underscores just how much of a commitment is needed to achieve equality. On average, individuals from underrepresented groups start their careers on unequal footing—and never have the opportunity to attain parity with their white counterparts. The situation is particularly acute for Black employees.

As tremendous and complex as these challenges are, employers are not powerless to address them. The strides made in narrowing the gender pay gap in recent years indicates that it is possible to move the needle on outcomes through concerted efforts.

With the right data, senior leadership support, strong connections with multiple stakeholder groups, and an unprecedented level of commitment from all levels within the organization, employers can help underrepresented groups overcome barriers—and just maybe, achieve what was previously thought to be impossible.

For more advice on how to build diversity through internal mobility, read this blog post:

[Why Internal Mobility is Key to Building a Diverse Workforce.](#)

To learn more about Visier's approach to D&I internally, read this series of blog posts by our Chief People Officer about

[Visier's D&I Framework.](#)

Visier Methodology

At the core of Visier Insights reports is Visier's unique database of anonymized, standardized workforce data, which contains over 12 million employee records from around 8000 companies. For this report, we focused on a subset of 400,000 U.S. employees in the years 2017 to 2020 across 44 enterprise organizations.

Companies included in this report represent a wide range of industries, including Healthcare, Technology, Financial Services and Insurance, Energy, and Manufacturing. For each of the included companies, Visier ensured a high degree of confidence in both data availability and quality for the topics and time period being covered by the report.

About Visier

Visier's purpose is to help people see the truth and create a better future—now.

Visier was founded to focus on what matters to business people: answering the right questions, even the ones a person might not know to ask. Questions that shape business strategy, provide the impetus for taking action, and drive better business results.

Visier delivers fast, clear people insight by using all the available people data—regardless of source. With best-practice expertise built-in, decision-makers can confidently take action. Thanks to our amazing customers, Visier is the market leader in Workforce Analytics with more than 8,000 customers in 75 countries around the world.

For more information, visit visier.com

The Visier logo is written vertically in a bold, black, sans-serif font. The letters are 'V', 'I', 'S', 'I', 'E', 'R'. A registered trademark symbol (®) is located at the bottom left of the letter 'R'.

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