

2019

WORKPLACE DIVERSITY REPORT

Are today's companies delivering
on diversity and inclusion?

Namely  HR for Humans

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INTRODUCTION

When it comes to diversity and inclusion, are today's workplaces hitting the mark?

Over the last decade, workplace diversity has evolved from a progressive corporate pursuit to a “table stakes” expectation. Diversity and pay equity metrics have made their way into the boardroom, accompanying traditional business metrics like revenue and productivity.

Entire full-time roles (and in some cases, teams) have been designed to focus exclusively on diversity. Silicon Valley behemoths like Google, Apple, and Uber each [budget millions](#) per year on diversity efforts. Some even go as far as to publish their internal diversity metrics each year, vying to position themselves as leaders in “D&I” and attract potential hires in a now [hyper-competitive](#) job market.

Companies are clearly investing in diversity. But are those efforts making an impact? While we know [how effective](#) the major players' efforts are, few studies have focused exclusively on the more modestly-sized businesses that make up the bulk of the U.S. economy. Midmarket companies employ [nearly 50 million people](#). If this segment was its own country, it'd be the third largest economy in the world.

Namely is an all-in-one HR, payroll, and benefits platform used by over 1,300 mid-sized companies. After anonymizing our database of over 250,000 employees, our team of HR data scientists sought to gain deeper insight into the state of diversity and inclusion in the midmarket.

In this year's edition of our Workplace Diversity Report, we'll present five of our team's most compelling findings. From industry-wide demographics to individuals' reporting relationships, we looked at both the “big picture” of D&I and the everyday realities on the ground. For the first time, we've also included pay equity and promotion data as part of the scope of our research. We found these findings particularly thought provoking, and we suspect you will, too.

THE WORKFORCE AT A GLANCE

Before expanding on what we found in this year's report, let's address our database and methodology.

For the purposes of our report, Namely's database, which includes 250,000 workers from all 50 U.S. states, represents the workforce. In this section of the report you'll find a breakdown of these individuals' demographics, including their ethnicity, age, and sex.

In deciding how to group employees, we carefully considered which categories to use. For example, ethnicity can be broken down in as few as five categories or as many as twenty, depending on the methodology chosen. We opted to use the categories preferred by the U.S. Census Bureau, Bureau of Labor Statistics, and Equal Employment Opportunity Commission. The latter agency requires U.S. businesses to report on employee demographics each year—meaning these buckets were the ones most commonly used by our clients' HR teams.



REPRESENTATION IN THE WORKFORCE

In an ideal scenario, workplace demographics should generally mirror those of the overall population. So did they? We found mixed results here.

In regards to ethnicity, there was some cause for optimism. Black workers now account for 12 percent of our database—a significant increase compared to last year’s findings, and one more in line with overall population data. Later in this report, we’ll look at whether these gains carried through in regards to compensation and job opportunity as well.

Even with these positives, there’s still clearly room for improvement. Hispanic workers remain underrepresented in the workforce. Women only account for 43 percent of the workforce, though they represent over half the population. Individuals aged 45 and older, still underrepresented, also appear to be at a disadvantage.

As you read through the report, keep these data points in mind as they’ll inform much of what’s to follow.

Workforce and Population Data: Ethnicity

Ethnicity	2019 Workforce (Source: Namely)	% Change from 2018	U.S. Population (Source: U.S. Census Bureau)
American Indian	< 1%	–	< 1%
Asian	10%	-3%	6%
Black or African American	12%	+4%	13%
Hispanic or Latino	11%	–	18%
Native Hawaiian or Pacific Islander	< 1%	–	< 1%
Prefer Not to Disclose	7%	+2%	–
Two or More Races	3%	–	3%
White	56%	-3%	60%

Workforce and Population Data: Age & Sex

Age	2019 Workforce (Source: Namely)	% Change from 2018	U.S. Population (Source: U.S. Census Bureau)
16-19	1%	–	3%
20-24	12%	+2%	10%
25-34	44%	-3%	23%
35-44	23%	-1%	21%
45-54	13%	–	21%
55-64	6%	–	17%
65+	1%	–	6%
Median Age	33	–	42

Sex	2019 Workforce (Source: Namely)	% Change from 2018	U.S. Population (Source: U.S. Census Bureau)
Male	56%	-1%	49%
Female	43%	–	51%

* We opted for sex instead of gender for this table, as the U.S. Census Bureau only provides binary choices. Gender identity will be discussed further in this report.

FINDING 1

The most diverse industries might surprise you.

What kinds of companies scored the highest on diversity?

When it comes to the workforce's overall diversity metrics, we know there's work to be done. But are certain kinds of companies further behind than others? While that's certainly the case with some industries, we were pleasantly surprised to find unlikely leaders on gender, ethnicity, and age diversity.

FINDING 1: GENDER

Outmoded gender roles and their associated stereotypes have long bucketed men and women into specific fields of work. So did it actually play out that way in the data?

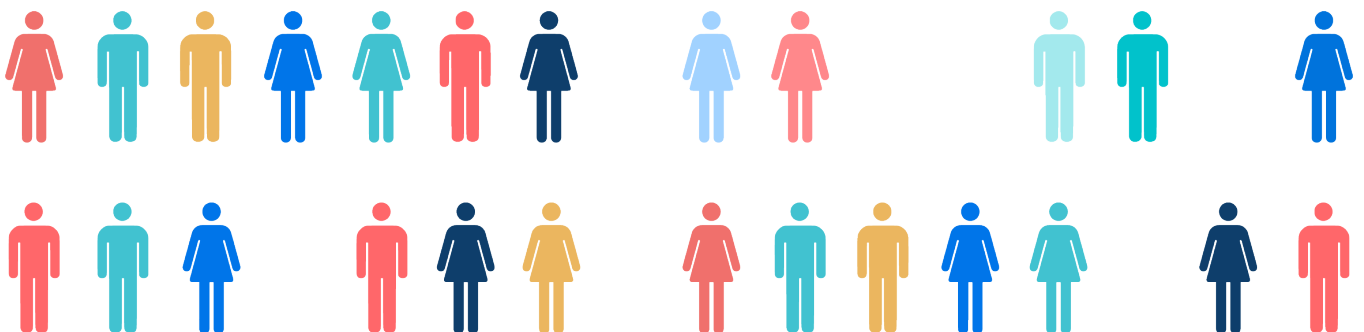
A chart of industries and their respective gender breakdowns can be found on the following page. Note that any disparity of more than 60 percent has been highlighted. The industries with the greatest parity overall are bolded.

Let's address the disparities first. Men account for over 60 percent of the workforce in industries like manufacturing and transportation. At technology companies, they account for 58 percent.

While women might be in the minority at these companies, they account for a majority in other industries. Female professionals make up 60 percent or more of the workforce in the healthcare and nonprofit sectors.

There's clearly still a long way to go in equalizing gender accessibility within specific industries. On the whole, men accounted for the majority of employees in six of the ten industries we considered.

The data does include some cause for optimism. Some industries defied expectations and were surprisingly equitable. **The most gender equal industries (in representation) were financial services, media, professional services, and real estate.** All of these industries average less than a ten percent difference between male and female workers. We were particularly surprised to find financial services on the list of leaders, as that industry has notably struggled with gender diversity in the past.



Industries and Gender Diversity

Industry	Female	Male
Financial Services	47%	51%
Healthcare	64%	32%
Manufacturing	32%	66%
Media	45%	53%
Nonprofit	65%	33%
Professional Services	49%	49%
Real Estate	42%	54%
Retail	58%	40%
Technology	38%	58%
Transportation	38%	61%

FINDING 1: ETHNICITY

Drilling into ethnicity, we found additional causes for concern—and one or two success stories. After pulling demographic data from our database, our researchers cross-referenced those findings with the overall workforce data from earlier.

In the table on the next page, we've highlighted instances of overrepresentation. Note that “prefer not to disclose” responses have been omitted from the overall tally, so not all industries' ethnicity numbers will add up to 100 percent.

We found significant overrepresentation of white workers in the healthcare industry (over 10 percent higher than the workforce average). Asian workers accounted for 23 percent of transportation and logistics workers in our study, though they only represented 10 percent of the workforce overall.

As with gender, there were positive signs in the data as well. **The technology, professional services, and nonprofit industries were the most ethnically diverse overall.** Their demographics mirrored those of both the workforce and general population most closely.



Industries and Ethnic Diversity

Highlighted: Overrepresentation (+10%) Based on Overall Workforce Demographics

Industry	American Indian or Alaska Native	Asian	Black	Hispanic	Native Hawaiian or Other Pacific Islander	Two or More Races	White
Financial Services	< 1%	10%	12%	18%	< 1%	3%	51%
Healthcare	1%	4%	8%	7%	< 1%	2%	74%
Manufacturing	< 1%	14%	9%	12%	< 1%	3%	43%
Media	< 1%	9%	22%	14%	< 1%	5%	45%
Nonprofit	1%	7%	18%	12%	< 1%	5%	53%
Professional Services	1%	9%	15%	12%	< 1%	4%	54%
Real Estate	1%	5%	22%	14%	< 1%	5%	46%
Retail	< 1%	6%	14%	13%	< 1%	3%	40%
Technology	1%	16%	10%	7%	< 1%	3%	56%
Transportation	1%	23%	8%	12%	1%	4%	48%
Reference: Overall Workforce	< 1%	10%	12%	11%	< 1%	3%	56%

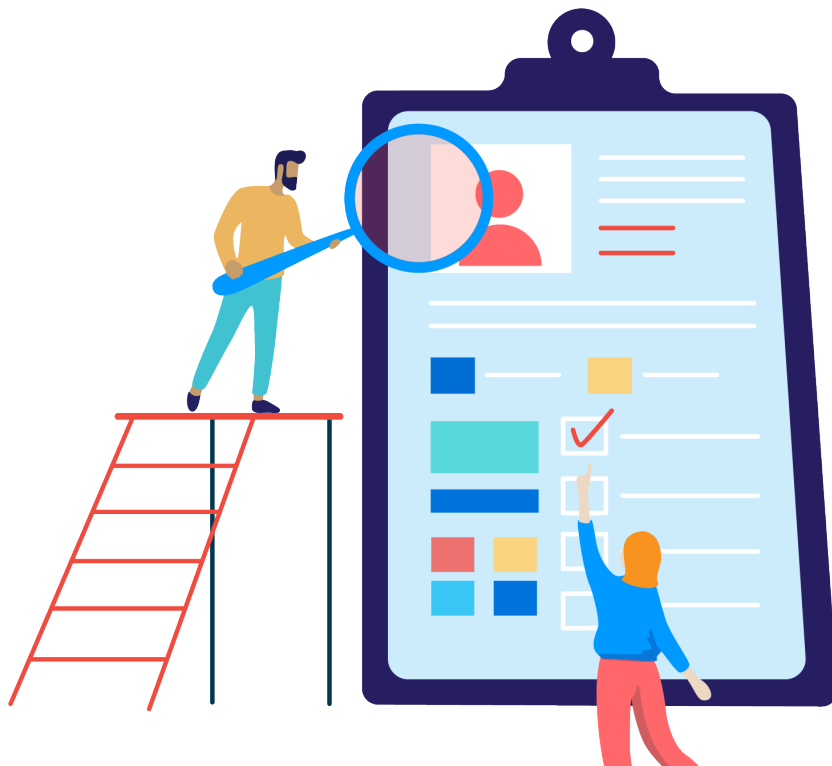
FINDING 1: HR'S PERSPECTIVE

Companies need to be intentional about their recruitment efforts and develop outreach programs that reach under-represented talent. One great way to find diverse talent is to establish a presence in your local community and partner with nearby schools and universities to increase awareness of your brand, sponsor programs that foster in-demand skills, and recruit talent. You have to go out and find people who otherwise might not come to you and educate them on why they should consider a career at your company and in your industry.

Oftentimes, this means targeting individuals that don't have access to the type of education you typically require or who have never heard of your brand and business. You might have to look beyond a candidate's past to give them a future at your company. Individuals with criminal backgrounds are often passed over during hiring decisions due to their criminal backgrounds, but they can be talented, loyal, and productive employees who help impact your workplace diversity and bring a unique skillset to your organization.

Once you've broadened your talent pool, you need to focus on internal education. Employees need to be taught how to properly conduct an interview, made aware of their inherent biases, and trained to evaluate candidates objectively based on their merit and experience. Once your employees understand the importance of getting past appearances, they'll be able to pay attention to everything a candidate has to offer and choose the most qualified candidate. Over time, you'll be able to give every candidate an equal opportunity and make your organization more inclusive.

– Lorna Hagen, Chief People Officer



FINDING 2

The workplace's approach to gender identity is evolving.

Companies and their HR teams are recognizing new gender identities and preferred pronouns.

FINDING 2

Today, we have a different understanding of gender. There is an entire spectrum of gender identity that exists outside of the “male” and “female” check boxes. Whatever you or your employees identify as, it’s important that everyone feels valued, heard, and understood in the workplace.

The good news? There are measures you can take to make your workplace better for employees of all genders. According to our data, some companies are ahead of the curve. Last year, 90 percent of companies provided just three self-identification options—male, female, and “not specified.” The remaining 10 percent used over 20 customized options. This year, companies added five new gender identity options including gender neutral, intersex, transmasculine, transfeminine, and two-spirit. Here’s a list of all the options companies offered:

Agender	Gender Neutral	Transexual
Androgynous	Intersex	Trans Female / Trans Woman
Bigender	Non-Binary	Transmasculine
Genderqueer	Not Sure	Transfeminine
Gender Not Listed	Other	Trans Male / Trans Man
Gender Nonconforming	Third Gender	Transgender Female to Male (FTM)
Gender Diverse	Trans	Transgender Male to Female (MTF)
Gender Fluid	Transgender	Two-Spirit

These new additions suggest HR professionals are keeping up with evolving definitions of gender and are accommodating employees’ non-binary gender identities.

Why don’t more companies allow employees to self-identify their gender? Companies are required to file EEO-1 or employee demographic reports annually, but the form only offers two options for gender: male and female. Letting employees identify outside of the traditional gender check boxes can lead to confusion around filing time and put HR in the uncomfortable position of designating an employee’s gender. That said, some states are helping redefine the national approach to gender. Oregon, California, Washington, and eight other states now allow residents to designate their gender as “X” on state identification forms, like ID cards, licenses, and birth certificates.

FINDING 2

This isn't the only way companies are leveraging custom fields to let employees self-identify. This year, 7 percent of companies allowed employees to select preferred pronouns. This helps take the burden off of non-binary employees to share their pronouns with colleagues face-to-face. Plus, HR teams can learn an employee's preferred pronouns before their first day, so they feel welcome and respected the second they start a new job. Here's a list of the pronouns companies offered:

She/Her/Hers

He/Him/His

They/Them/Theirs

It/Its

Ze/Hir/Hirs

Ze/Zir/Zirs

Zhe/Zhim/Zher

Zie/Zir/Zirs

Xe/Xem/Xyrs

Hy/Hym/Hys

None - I'll share when I am ready

No pronoun, please use my name

Other - please educate us!

While giving employees a space to designate their preferred pronouns is a step in the right direction, it doesn't mean much if other employees don't use their correct pronouns. Mislabeling someone or mistakenly messing up their pronouns, even when well-intentioned, can alienate someone in the workplace and prevent others from sharing their preferred pronouns with colleagues. Without a supportive and inclusive office environment, your employees won't feel comfortable being their true selves at work.

Notably, the percentage of non-binary workers in our database who are managers did not vary significantly from the overall employee population—22 percent versus 19 percent, respectively. While this finding merits being revisited in subsequent reports (due to the comparatively small sample size), our team took heart in these early findings as they suggest a smaller than expected opportunity gap among non-binary workers.

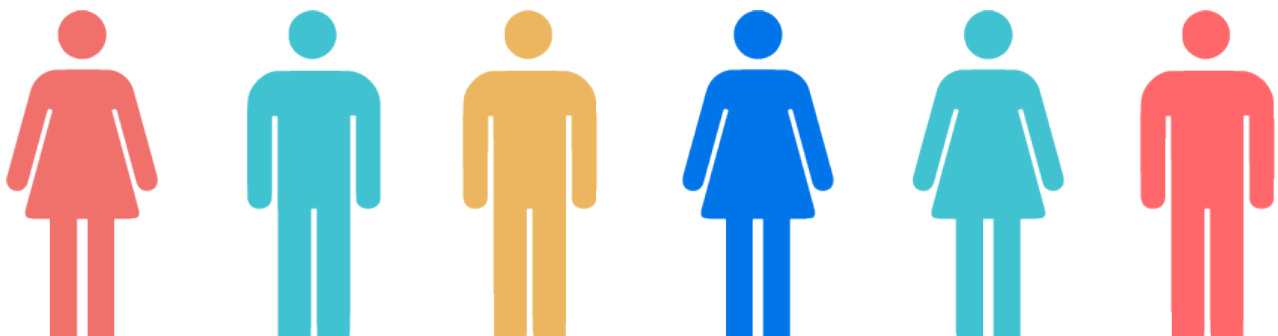
FINDING 2: HR'S PERSPECTIVE

We've become more open-minded to the gender spectrum than ever before. Companies that recognize non-binary gender identities and encourage employees to self-identify are helping not only foster a sense of inclusivity, but also facilitate a more open community where employees feel it's easier to have conversations around identity and be their true selves at work.

But in order for employees of all genders to feel comfortable in the workplace, your company needs to do more than have an inclusive drop down field. You need to practice what you preach, starting with company policies that are inclusive of and support all employees. While gender-neutral bathrooms and sharing pronouns are obvious (and necessary) first steps, you should go a step beyond to ensure employees of all genders feel welcome and valued at your organization.

One big opportunity is to offer healthcare and benefits that are inclusive of all genders. Something as simple as changing the language around your existing policies can have a large impact. Swap out gendered language like "maternity leave" and "paternity leave" in favor of "parental leave" or "family leave." Also, consider adopting a policy that doesn't differentiate between primary and secondary caregivers, but rather gives both parents the same amount of time off. And of course, you also should be familiar with your company's benefits in case any employees have questions. For example, if a candidate or employee wanted to know about whether your insurance covers sex change procedures, you should be able to tell them their options and work closely with them should they choose to transition while at your company.

– Lorna Hagen, Chief People Officer



FINDING 3

Nonprofits lead the way when it comes to equal pay.

These mission-driven companies scored the best on gender and ethnicity pay equity.

FINDING 3

Of all the means companies have of rewarding employees for their hard work, few matter as much as base compensation. And when it comes to giving employees their due, it goes without saying that neither their gender nor ethnicity should be a factor.

Unfortunately, it's well established that pay disparities do exist along demographic lines. [According to the National Women's Law Center](#) (NWLC), U.S. women earn on average 80 cents for every dollar men earn, while Hispanic and African American women face even steeper pay disparities. The NWLC also estimates that women lose out on \$403,440 over the course of a lifetime due to the wage gap, with this figure soaring over half a million in some states.

Overall, our data appears to corroborate the often cited statistics above. When individuals' respective rank within an organization wasn't factored in, women earned only \$0.76 to the dollar. When this figure is adjusted to account for job tiers and rank, the disparity shrinks but persists: \$0.92 cents to the dollar. According to our data (see the table on the following page), a similar dynamic exists when looking at ethnicity as well.

Both sets of numbers should be troubling. The unadjusted figures, where the disparities are greatest overall, suggest that fewer women and non-majority employees occupy positions of authority. That isn't just conjecture—as we'll discuss in a later section, our data shows that 63 percent of all managers are white men.

The adjusted numbers (where individuals' job tier is considered) may be even more discouraging. Even when disadvantaged individuals climb the corporate ladder, they're still subject to lower compensation than their male or majority peers.

Pay Equity by Industry

Industry	Female Employees Earn...		Non-Majority Employees Earn...	
	Unadjusted	Adjusted	Unadjusted	Adjusted
Financial Services	\$0.67	\$0.91	\$0.69	\$0.92
Healthcare	\$0.64	\$0.92	\$0.61	\$0.93
Manufacturing	\$0.76	\$0.91	\$0.88	\$0.97
Media	\$0.77	\$0.91	\$1.00	\$0.95
Nonprofit	\$0.91	\$1.02	\$0.90	\$1.00
Professional Services	\$0.80	\$0.90	\$0.88	\$0.96
Real Estate	\$0.80	\$0.91	\$0.54	\$0.92
Retail	\$0.96	\$0.97	\$0.76	\$0.98
Transportation & Logistics	\$0.87	\$0.87	\$0.78	\$0.99
Technology	\$0.75	\$0.88	\$0.93	\$0.97
Average	\$0.76	\$0.92	\$0.81	\$0.96
Median	\$0.76	\$0.92	\$0.82	\$0.96

Overall, we're a long way from reaching pay parity. That said, some industries appear to be much closer to achieving it than others. **Nonprofit and retail companies have the smallest gender and ethnicity pay gaps.** This is the case for both the adjusted and non-adjusted calculations. When employee job tiers were factored in, nonprofits fared even better—their ethnicity pay gap was zero and women actually earned two cents more than men.

Our team found the nonprofit industry's parity noteworthy enough to revisit our earlier findings on gender diversity. As already mentioned, both nonprofit and retail companies leaned majority-female. But going even further, what was the gender distribution at each salary tier? **We found that both industries were outliers in that 50 percent of the highest-earners were women.** Troublingly, most other industries lagged far behind. Women employed in the real estate, healthcare, and media industries accounted for less than 25 percent of the top earners at those companies. See the next page for a full breakdown of pay distribution.

And non-majority employees? **Though they account for nearly 40 percent of the workforce overall, they were underrepresented in the top salary tier in every industry.** Notably, they were overrepresented in the lowest salary tiers at most companies.

Female and Non-Majority Representation by Salary Quartile

Industry	Female Representation				Non-Majority Representation			
	Lowest	Lower Mid	Upper Mid	Highest	Lowest	Lower Mid	Upper Mid	Highest
Financial Services	66%	61%	49%	43%	36%	30%	28%	38%
Healthcare	65%	54%	42%	27%	34%	31%	33%	30%
Manufacturing	79%	70%	60%	41%	53%	41%	27%	22%
Media	49%	41%	33%	24%	33%	28%	31%	28%
Nonprofit	61%	69%	66%	51%	43%	39%	37%	32%
Professional Services	41%	51%	48%	26%	63%	53%	33%	33%
Real Estate	40%	36%	31%	18%	54%	36%	38%	37%
Retail	55%	51%	56%	50%	62%	52%	36%	35%
Transportation & Logistics	43%	39%	39%	26%	54%	43%	35%	28%
Technology	49%	45%	32%	20%	33%	29%	28%	26%
Median	55%	51%	42%	27%	46%	35%	31%	28%

Call it a classic case of needing to “walk the walk.” While there isn’t a silver bullet to solving pay equity, our initial findings suggest that the companies who succeed at pay equity have, at the very least, equitable representation in the highest salary tier. Conversely, the organizations that struggled the most at gender pay equity, like healthcare and technology companies, have among the lowest representation of women and non-majority employees.

In other words, when women and non-majority employees had influence and a presence among the highest levels of leadership, their companies were more equitable overall.

FINDING 3: HR'S PERSPECTIVE

Everyone from C-suite level executives to entry-level employees are consciously realizing we need to diversify our companies, and luckily for us, HR teams have more data than ever before to help make that a priority and a reality. That said, we still have a lot of work to do when it comes to gender and ethnicity pay equity.

Our data shows that smaller technology companies still struggle with both gender and ethnic pay equality, which is to be expected. Most small companies' top priority isn't diversity—it's finding someone who can do a job well and help their company grow fast. Smaller companies might not even have a dedicated HR person, so practices like standardized interview questions, unbiased promotions, and talent development programs might be hurting the types of talent that organization attracts and retains.

Still, this phenomenon is not unique to small companies. In my experience, it's not until a company hits the 200 employee mark that HR becomes more mindful about the business' compensation strategy and introduces more standardized salary brackets. The 500 employee mark is when pay equity really gets prioritized alongside building a company that attracts and retains more diverse talent. Once companies pass 500 employees, that's usually when there's a push to make everything equal for everyone, but unfortunately, there's still work to be done.

Across the board, we see that more companies are bridging the gender pay gap, but the ethnic pay gap persists. There's more of a global conversation around gender pay equity, so most companies tend to prioritize that over ethnic pay parity. If you're seeing significant pay inequality of any kind at your organization, odds are it's one of two things: either a recruiting problem or a career progression problem. Isolating the cause of your pay inequality will help you address the larger issue at your business and make your workplace more equal for everyone.



– Lorna Hagen, Chief People Officer

FINDING 4

D&I isn't a one-person job.

**Diversity and inclusion roles are more popular than ever—
but are they pushing the needle?**

FINDING 4

So who owns diversity and inclusion at your organization? There's a good chance HR comes to mind first. Considered cultural and corporate "gatekeepers," HR and recruiting teams are often tasked with making diversity—and a host of other critical people initiatives—simply "happen." With that in mind, pioneering companies have bolstered their HR teams with a voice in the C-suite and additional budget for roles dedicated exclusively to diversity.

As found in Namely's [2019 HR Careers Report](#), today's companies are doubling down on HR's potential to effect change. So when it comes to workplace diversity efforts, has that added investment delivered? To find out, we used [Simpson's Diversity Index \(SDI\)](#) to determine whether or not company-wide diversity correlates to the presence or absence of HR in the executive suite.

First, a word on the metric we used. SDI measures two critical elements of diversity, richness and evenness. The former takes into account how many ethnicities a company has present, and the latter how evenly spread they are across the business. In this approach to measuring diversity, the higher the score, the more diverse a business is. You can calculate your own SDI score by using [our free calculator](#).

Simpson's Diversity Index and HR Presence

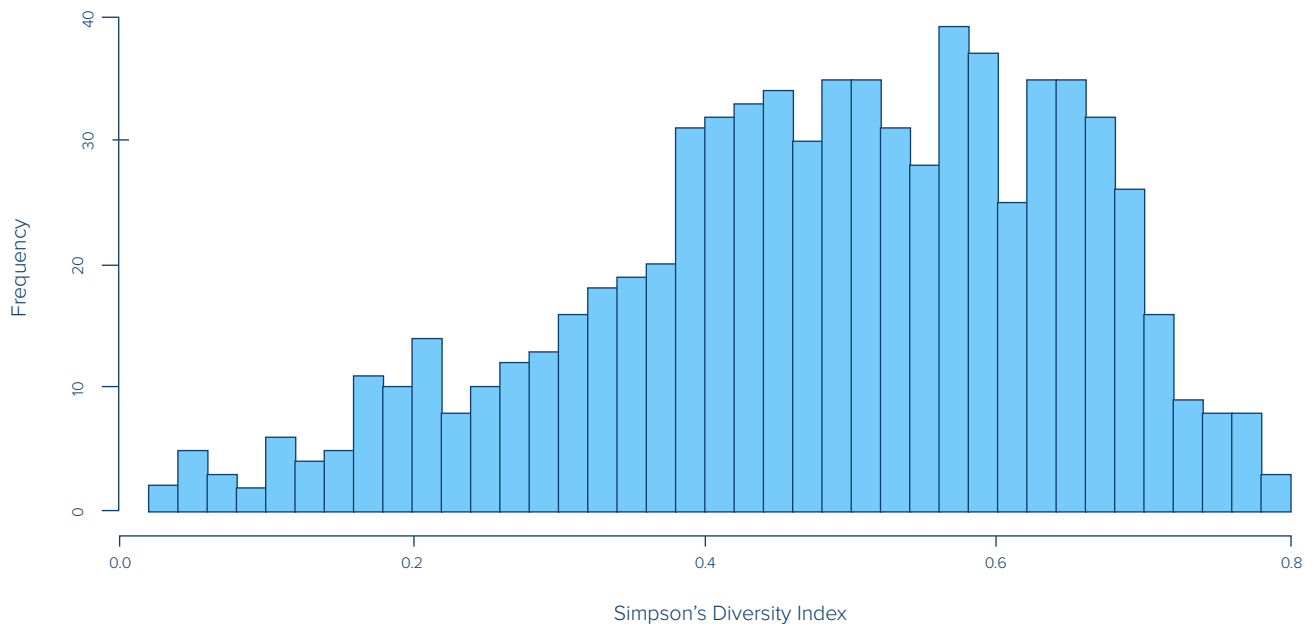
	Simpson's Diversity Index	Improvement
All-Company Average	0.49	–
With C-Level HR Representation	0.51	+ 0.02
With Diversity Role	0.51	+ 0.02
With Both	0.55	+ 0.06
With Neither	0.49	–

The result? We saw a small improvement in SDI scores when C-level HR or diversity roles were present. The most substantial improvement occurred when both sets of criteria were met.

Here's the catch—while these roles do appear to push the needle slightly, they don't have an outsized impact on their own. **Of the most diverse companies in our study (with scores ranging from 0.70 to 0.80), less than 5 percent have a diversity or C-level HR leader in place.** This goes to show that one person is not enough to bring diversity to a company, and it takes a organization-wide effort to ensure diversity throughout.

To see an overall distribution of SDI scores across all the companies in our study, see the next page. Most businesses' results fell between 0.4 to 0.6.

Distribution of Simpson's Diversity Index Score



So what does this mean for HR and the broader company? The results suggest that in order to effectively bring diversity to an organization, there has to be company-wide buy in. In fact, organizations with dedicated executives or diversity specialists should be even more careful that they don't become the sole advocate for all D&I initiatives. It also suggests that diversity isn't something you can change overnight.

These findings merit being revisited year-over-year for another key reason. Companies investing in diversity roles and C-level HR leadership may be doing so, in part, to address existing issues with diversity and inclusion. If a marked improvement in SDI scores can be identified over time at the companies we sampled, it may suggest even greater value from these roles.

While the "jury's out" when it comes to the efficacy of these roles in addressing diversity concerns, there's no question that they're becoming more prevalent overall. In our research, we found examples of diversity-focused job titles that didn't exist just a few years ago. Some of the roles we saw included:

- Internal Comms and Inclusion Manager
- Senior Manager of Diversity and Inclusion
- Director of Engagement and Inclusion
- Diversity and Inclusion Lead
- Diversity, Inclusion, and Belonging Leader

- VP of Inclusion of Diversity
- VP of Talent and Inclusion
- Head of Diversity and Inclusion
- Head of Diversity and Belonging

FINDING 4: HR'S PERSPECTIVE

Clearly, there's still a lot of work to be done. I think that while hiring someone to champion your diversity efforts is a great idea, it can sometimes backfire. Some organizations might over-rely on that single person to lead all of their diversity initiatives, but that can inadvertently hurt internal momentum. Someone in a diversity role should help build the organization's overall diversity and inclusion strategy, but they should not be the sole driver. Diversity and inclusion are issues that everyone in the C-suite and the company should be fighting for, not just one champion.

That said, a CHRO, CPO, or dedicated diversity professional can immensely impact an organization if they are given the right tools. To set them up for success, you need to make sure that they have enough influence to make a difference, whether that's having a seat at the table or reporting directly to the CEO. If you don't give them a platform to share their initiatives and get everyone on board, their expertise and effort will go to waste and you won't see the positive results you expect. Diversity objectives need to be woven into the CEO and C-suite's goals, so every player has a stake in the game. If you think hiring a CHRO or CPO is like checking a box, you will be very disappointed. It's a step in the right direction, but if your company doesn't set them up to succeed, their efforts will be wasted.

– Lorna Hagen, Chief People Officer



FINDING 5

Companies reward non-majority employees with raises, but not influence.

Manager demographics still have a long way to go.

FINDING 5

Diving deeper into compensation, we wanted to see how raises are being distributed. To start, let's look at compensation changes from last year. In 2018, 29 percent of employees in our dataset received a compensation increase. If those numbers are treated as a baseline, how did individuals in different ethnicities compare?

We found that, generally, salary increases were distributed in a manner that mirrored the 29 percent baseline. Asian and white workers were notable outliers. The latter group's sizable share of the overall workforce may partly explain that discrepancy. Switching gears to gender, we also found that raise distribution among men and women was generally fair and reflective of our database's overall demographics.

Percentage of Employees Who Received Raises, by Ethnicity

Ethnicity	% of All Employees in that Ethnicity who Received a Raise
American Indian or Alaska Native	29%
Asian	19%
Black	33%
Hispanic or Latino	22%
Native Hawaiian or Other Pacific Islander	22%
Two or More Races	25%
White	18%

Distribution of Raises, by Gender

Gender	Distribution of Raises
Female	46%
Male	53%

While salary increases appear to be distributed equitably (at least in terms of frequency), are employees across all ethnicities being rewarded with influence? In other words, are leadership positions being doled out fairly across all groups?

The answer to that question looks to be a resounding “no.” Of the 54,000 managers in our database, 70 percent are white. As a refresher, that demographic accounts for only 58 percent of the overall data pool. Black and Hispanic employees are also vastly underrepresented in the manager population—as are women, who only account for 37 percent of managers despite representing half of the employee population.

Managers by Ethnicity, Gender, and Age

Ethnicity	% of Managers	% of Employees who are Managers
American Indian or Alaska Native	< 1%	4%
Asian	11%	13%
Black	4%	4%
Hispanic or Latino	6%	8%
Native Hawaiian or Other Pacific Islander	< 1%	15%
Two or More Races	2%	9%
White	70%	18%

Gender	% of Managers	% of Employees who are Managers
Male	63%	19%
Female	37%	14%
Non-Binary	< 1%	22%

Age	% of Managers	% of Employees who are Managers
16-19	< 1%	< 1%
20-24	1%	< 1%
25-34	32%	4%
35-44	37%	9%
45-54	22%	9%
55-64	8%	8%
65+	1%	4%

As found in last year’s diversity report, managers and their direct reports often share the same demographic traits, particularly ethnicity and gender. They are also more inclined to recognize each other using Namely’s built-in [appreciation feature](#). When we revisited these findings this year, we found little change. For example, 65 percent of individuals reporting to women are also women—as was the case last year. For a full breakdown of the role of “similar to me” bias plays in determining team demographics, [read last year’s Workplace Diversity Report](#).

FINDING 5: HR'S PERSPECTIVE

While it's important to look at your company's own demographics this way, you have to give context to your numbers. Your company's diversity will vary by office location, city, and country. Grouping all of your office's employee demographic information might make your overall company diversity look better, but it probably won't tell the whole story. Having a diverse workforce isn't about checking a box, it's about bringing diverse perspectives and personalities together to bring innovative ideas and solutions to your company. Be sure to look at your data by office, department, and team to locate gaps in your demographics and use that information to drive your hiring initiatives and recruiting efforts. If you're still having trouble figuring out how your company stacks up to your competition, you may want to look into using benchmarking data. Benchmarking data shares how diversity looks like at similar sized companies in your industry, so you can better understand how your company stacks up and whether you need to beef up your recruiting efforts and internal promotion process.

For teams that have those age, gender, and ethnicity gaps, you want to make sure diverse candidates feel welcome and represented during your interview process. To do this, even with homogenous teams, you can add peer interviews, have cross-functional teammates, or even involve leaders or members of your employee resource groups (ERGs) into your interview lineup. Having a diverse interview panel will not only introduce varied perspectives into the process and give the candidate an opportunity to meet the people they will be working with, but it will also help make them feel more comfortable during the interview. If you are unable to provide a diverse interview panel, then that's a big indication that you have a problem.

– Lorna Hagen, Chief People Officer



CONCLUSION

It's no secret that diversity and inclusion remain persistent challenges for companies across all industries. But while there's certainly work to be done, our findings are dotted with examples of companies making a positive impact. For example, look no further than the nonprofit sector for some of those success stories.

Addressing workplace diversity is about more than catchy slogans or revamping corporate values. As we found earlier, it takes more than C-level HR representation or even dedicated diversity positions to make an impact. Instead, meaningful and sustained action is what drives change. It takes an investment in Employee Resource Groups (ERGs) and other employee-owned diversity initiatives.

And yes, driving diversity forward takes a financial investment. The companies that moved the needle most had prioritized diversity at the top level of leadership. As our pay equity data showed, overall parity was greatest among companies that had proportional representation within the highest salary bracket. What good is it to hire diverse talent if you're only filling entry-level roles? If these individuals' potential to move forward is limited (70 percent of managers in our study were white), they likely won't stay at your organization very long.

Diversity isn't a check box or an arbitrary recruitment quota. It takes hard work, company-wide buy in, and financial commitment. So while there's clearly work to be done, companies have never been better positioned to rise to the challenge.

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