

WORKPLACE DIVERSITY REPORT

2018

Namely  HR for Humans

INTRODUCTION

The world is diverse, but is the workplace?

Though diversity and inclusion (D&I) has been a hot topic among business leaders since the nineties, today's headlines suggest there's work to be done. Allegations of [ageism](#), [sexism](#), and [other forms of discrimination](#) at high profile companies across all industries have only reinforced the importance of corporate diversity programs in the 21st century.

In this report, we set out to understand the current state of D&I in the workplace. Our researchers leveraged data representing over 175,000 employees. From team demographics to reporting relationships, no question was too big or small for our researchers. Does the tech industry really have an ageism problem? Are women overlooked for raises and promotions? What states have the most diverse workforces?

Now, we'll share our team's most surprising revelations. For perspective, each finding is accompanied by commentary and advice from the individuals best equipped to tackle our findings: HR professionals.

As you'll soon learn, there's work to be done—but who better to meet the challenge than HR?



The Workforce at a Glance

THE WORKFORCE AT A GLANCE

Before diving into our findings, let's take a closer look at the demographics of the employees we considered. For the purposes of this report, these individuals will represent the U.S. workforce as a whole. Below and on the following page, we've included a breakdown of these individuals by ethnicity, gender, and age. We've also included U.S. census data for reference. Keep in mind that workforce and population data are not interchangeable, as the former metric refers just to actively employed individuals.

Even at this general level, we immediately found that certain demographics were underrepresented in the workforce. In regards to ethnicity, both black and Hispanic employees accounted for shares of the workforce smaller than their actual share of the population. [As has been reported elsewhere](#), we confirmed that the “millennial” generation is indeed the largest age group in the workforce today.

Regarding gender, women accounted for a smaller share of the workforce overall. It should be noted that while only 43 percent of employees in our data pool were female, a similar disparity has been identified by the U.S. Bureau of Labor Statistics. According to their data, 47 percent of the workforce is female.

As you make your way through our findings, keep the following demographic information in mind. We will also cite this information frequently.

WORKFORCE AND POPULATION DATA: ETHNICITY

Ethnicity	Workforce (Source: Namely)	U.S. Population (Source: U.S. Census Bureau)
American Indian	< 1%	1%
Asian	13%	6%
Black or African American	8%	13%
Hispanic or Latino	11%	18%
Native Hawaiian or Pacific Islander	< 1%	< 1%
Prefer Not to Disclose	5%	-
Two or More Races	3%	3%
White	59%	61%

WORKFORCE AND POPULATION DATA: AGE AND SEX

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

Sex**	Workforce (Source: Namely)	U.S. Population (Source: U.S. Census Bureau)
Male	57%	49%
Female	43%	51%

* Throughout this report, note that column percentages may not always add up to 100 percent due to factors like rounding or the removal of *null* values.

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

FINDING 1

Many of our assumptions about industry demographics are true.

Are technology companies mostly young, white, and male?

INDUSTRY DEMOGRAPHICS

First, our team considered industry demographics by gender. The data suggests that perceived gender roles still very much shape workforces from industry to industry. Men make up 60 percent or more of workers at construction, energy, sporting goods, and technology companies. The disparity was especially large at construction and energy companies, where men account for 88 percent and 80 percent of workers, respectively. While striking, those findings didn't necessarily surprise us. Groups like the [Association of Women in Energy](#) and the [National Association of Women in Construction](#) have challenged these disparities for over a half century.

While women might be in the minority at these companies, the reverse is true in other industries. Female professionals make up 60 percent or more of the workforce in the insurance, fashion, public relations, education, and non-profit industries. Among these, the greatest disparity (70 percent) is at fashion companies.

Given these results, one might infer that the overall U.S. business landscape is polarized by gender. This isn't necessarily so. We found that companies within certain industries defied expectations and were actually quite equitable. The most evenly balanced industries in our study are below.

MOST GENDER-BALANCED INDUSTRIES

Industry	Male	Female
Advertising	44%	49%
Architecture and Engineering	49%	51%
Entertainment and Recreation	54%	45%
Government	45%	54%
Hospitality	43%	56%
Legal	47%	53%
Real Estate	54%	46%
Retail	46%	54%

What about other demographics like ethnicity or age? Using overall workforce demographics as a reference point, we've highlighted instances of overrepresentation. Troublingly, this data closely aligns with many of our assumptions about the dynamics between ethnicity, age, and work in the 21st century.

Black workers are underrepresented across nearly all industries, except for one: food services. Hispanic employees hold a disproportionate number of jobs in construction and personal services. And in highly image-conscious and public-facing industries, like public relations and hospitality, white and young professionals hold a disproportionate share of jobs.

These findings should give HR professionals and recruiters pause—and provide ample evidence to those still wondering whether diversity initiatives are really needed.

Black workers are underrepresented across nearly all industries.

Some of our other findings are less troubling but still noteworthy. For example, over a third of the workforce in construction is aged 45 to 64—lending credence to that industry's [well-documented labor shortage](#).

We also found that while 20-somethings do account for the largest share of technology workers, their prevalence may be somewhat overstated. At these companies, 48 percent of workers were aged between 25-34. That isn't too far off from our overall database and national labor statistics. To that industry's credit, negative press coverage and [allegations of ageism](#) may have spurred action.

INDUSTRIES BY EMPLOYEE ETHNICITY

Highlighted: Overrepresentation Based on Overall Workforce Demographics

Industry	American Indian	Asian	Black	Hawaiian/ Pac. Islander	White	Hispanic	Two or More	Not Disclosed
Advertising	0.5%	9.7%	8.2%	0.3%	66.0%	7.8%	2.9%	4.7%
Architecture	0.0%	33.3%	4.8%	0.0%	47.6%	14.3%	0.0%	0.0%
Biotech/Pharma	0.4%	20.8%	3.2%	0.3%	59.5%	6.8%	2.7%	6.3%
Construction	0.3%	1.4%	7.1%	0.1%	49.1%	40.0%	1.6%	0.2%
Consulting	0.5%	14.6%	7.4%	0.4%	61.0%	10.4%	2.5%	3.3%
Education	0.5%	9.8%	12.9%	0.2%	61.3%	10.9%	2.7%	1.7%
Energy	0.7%	2.2%	9.9%	0.4%	67.0%	12.3%	4.1%	3.3%
Engineering	0.5%	7.9%	6.7%	0.3%	67.4%	12.7%	2.5%	1.9%
Entertainment	0.1%	11.6%	6.3%	0.2%	63.4%	6.7%	2.6%	9.0%
Fashion	0.6%	12.0%	15.8%	1.0%	42.3%	21.7%	4.1%	2.7%
Finance & Insurance	0.3%	11.3%	9.8%	0.4%	52.3%	17.2%	2.3%	6.3%
Food & Beverage	0.7%	7.0%	22.0%	0.2%	51.3%	8.7%	4.4%	5.8%
Government	2.7%	4.8%	18.1%	0.0%	70.2%	2.1%	1.1%	1.1%
Healthcare	0.7%	10.3%	8.4%	0.8%	55.9%	18.1%	2.9%	2.9%
Hospitality	2.1%	1.2%	1.2%	0.6%	74.8%	12.7%	2.7%	4.5%
Legal	0.0%	9.6%	6.1%	0.0%	71.9%	9.6%	1.8%	0.9%
Logistics and Aviation	0.3%	13.0%	4.0%	0.5%	48.6%	6.1%	0.9%	26.7%
Manufacturing	4.6%	6.9%	15.6%	0.6%	43.4%	16.9%	5.0%	6.9%
Non-Profit	0.5%	7.7%	15.3%	0.3%	54.2%	14.4%	4.9%	2.7%
Personal and Local	0.3%	7.8%	12.9%	0.0%	50.2%	24.4%	2.8%	1.6%
Public Relations	0.0%	6.6%	5.9%	0.1%	75.4%	4.4%	3.7%	3.8%
Real Estate	0.3%	16.8%	3.3%	0.2%	59.8%	11.9%	3.5%	4.1%
Retail	0.5%	10.4%	8.4%	0.8%	56.1%	17.4%	2.7%	3.7%
Staffing and Recruiting	0.3%	3.8%	9.3%	0.2%	60.8%	19.2%	3.1%	3.1%
Technology	0.2%	17.2%	6.3%	0.4%	57.8%	7.4%	2.8%	7.9%
Reference: Global	< 1%	13%	8%	< 1%	59%	11%	3%	5%

INDUSTRIES BY EMPLOYEE AGE

Highlighted: Overrepresentation Based on Overall Workforce Demographics

Industry	16-19	20-24	25-34	35-44	45-54	55-64	65+
Advertising	0.3%	7.2%	47.8%	27.6%	12.4%	4.0%	0.7%
Architecture	0.0%	4.5%	46.2%	35.7%	10.6%	2.5%	0.5%
Biotech/Pharma	1.1%	5.3%	32.1%	25.5%	20.1%	12.4%	3.4%
Construction	0.5%	8.3%	30.0%	26.4%	19.9%	12.6%	2.4%
Consulting	1.1%	9.4%	46.9%	23.3%	12.4%	5.6%	1.3%
Education	4.6%	13.0%	37.8%	23.5%	11.7%	6.9%	2.5%
Energy	1.3%	23.1%	39.9%	16.5%	9.8%	7.9%	1.5%
Engineering	0.5%	9.3%	42.2%	26.3%	12.7%	7.2%	1.8%
Entertainment	0.2%	7.9%	51.7%	25.9%	10.4%	3.2%	0.7%
Fashion	0.6%	13.7%	59.9%	15.3%	7.0%	3.2%	0.3%
Finance & Insurance	0.2%	7.7%	40.8%	26.3%	14.6%	7.8%	2.5%
Food & Beverage	3.8%	24.3%	46.0%	15.6%	7.0%	2.8%	0.5%
Government	1.4%	8.9%	20.8%	22.2%	23.3%	16.9%	6.5%
Healthcare	0.3%	9.4%	36.6%	25.0%	17.0%	9.5%	2.2%
Hospitality	1.4%	16.2%	46.1%	23.6%	7.9%	4.5%	0.4%
Legal	0.0%	3.4%	17.8%	15.8%	28.1%	25.3%	9.6%
Logistics and Aviation	0.5%	7.0%	40.1%	26.1%	13.9%	10.2%	2.3%
Manufacturing	0.5%	6.1%	26.9%	22.9%	22.6%	15.4%	5.4%
Non-Profit	1.1%	13.2%	41.9%	23.1%	11.9%	6.4%	2.4%
Personal and Local	0.6%	14.7%	50.6%	19.1%	9.8%	3.8%	1.4%
Public Relations	0.0%	12.9%	52.2%	24.0%	7.9%	2.7%	0.2%
Real Estate	0.4%	4.4%	47.1%	23.1%	16.8%	6.8%	1.5%
Retail	1.6%	15.2%	43.4%	21.5%	10.1%	6.6%	1.5%
Staffing	0.1%	7.0%	46.0%	25.6%	14.3%	5.7%	1.2%
Technology	0.3%	8.0%	48.3%	25.2%	12.6%	4.9%	0.8%
Reference: Global	1%	10%	45%	24%	13%	6%	1%

HR's Perspective

“If you’re in an industry that suffers from lack of employee diversity, consider including self-identification surveys in your job application process. A lot of recruiters think that if you don’t ask for this information, you can’t possibly discriminate. But if you skip these surveys, you limit your ability to diagnose pipeline issues. On top of that, if you do get audited, omitting self-identification surveys can be interpreted by the Equal Employment Opportunity Commission as a lack of effort to monitor and develop diversity.

A solid applicant tracking system can integrate these surveys into your online application process relatively seamlessly and only allow visibility of those results to designated diversity officers. On top of that, you should be able to drill down and analyze the diversity of your applicant pools, even across various job posting sites.”



Jovanny Chonillo, MHRM

People Manager
Labelmaster



FINDING 2

California's workforce is the most diverse.

The states that follow might surprise you.

DIVERSITY BY GEOGRAPHY

Before looking at company-level data, let's focus one last time on the bigger picture. Where are the most ethnically diverse companies actually located? No surprise here: when it comes to diversity, the Golden State is in a class all its own. HR teams are well acquainted with the fact that California is a leader in workplace regulations and a [champion for equal opportunity](#). You can add “leader in diversity” to that list.

Applying the [Simpson Diversity Index](#), a widely-used formula used to measure diversity since the 1950s, we arrived at the below list of the top 10 leading states.

10 STATES WITH THE MOST DIVERSE WORKFORCES

State	Simpson Index	American Indian	Asian	Black	Hispanic	Nat. Hawaiian Pac. Islander	Two or More	White
California	0.70	0%	22%	6%	15%	1%	4%	47%
New Jersey	.69	0%	10%	17%	18%	0%	3%	48%
Florida	.68	0%	4%	15%	21%	0%	3%	50%
Texas	.63	0%	6%	9%	23%	0%	3%	55%
New York	.58	0%	13%	8%	9%	0%	3%	62%
Illinois	.56	0%	9%	8%	10%	0%	2%	64%
Arizona	.54	0%	6%	5%	18%	0%	4%	65%
Virginia	.54	0%	9%	16%	4%	0%	2%	65%
Washington D.C	.52	0%	9%	14%	5%	0%	3%	67%
Georgia	.52	0%	7%	15%	5%	0%	2%	67%

In regards to workforce diversity, the above states represent a gold standard. We omitted states that accounted for fewer than 1,000 employee records in our data and included the District of Columbia and Puerto Rico as part of our research. As mentioned earlier, California leads the pack with an impressive score of 0.7 on

the Simpson Diversity Index. The state's score is partly buoyed by its high percentage of Asian workers, which was higher than in any other state in our study. White workers also accounted for just under 50 percent of employees—which is actually less than their share of the U.S. workforce as a whole. Save for Hawaii and Alaska, where we did not have enough data to confidently assign a score, California is also the only state in the top ten to crack the 1 percent mark for the Native Hawaiian and Pacific Islander demographic.

There are other success stories as well. New Jersey leads the chart with representation from black employees, who account for 17 percent of the state's workers. In comparison, the national average is just 8 percent.

We understand that workplace demographics are partly influenced by outside demographics—and in this regard, no two states are alike. Indeed, California is a diverse state overall, per census records. But as we've touched on already (and will continue to do so throughout the report), that doesn't necessarily prevent groups from being vastly over or under-represented in segments of the workforce.

HR's Perspective

"Diversity is intentional, and we're seeing this play out at the state, city, and company level. Anything worth having requires hard work, and diversity is no exception. When hiring, you have to actively seek out the many specific organizations that cater to underrepresented groups.

These organizations include colleges, community groups, and professional organizations. Some cities even have have chambers of commerce for specific ethnic groups. You'll find that they're more than willing to help you help their members.

Building relationships take time, so it's crucial to make diversity a continuing organization-wide initiative. Encourage employee resource or affinity group members and other employee volunteers to attend outside events as diversity brand ambassadors for your company. Something this simple could be a great start in helping you recruit more diverse candidates."



Angela Shaw
Human Resources Manager
FORMASPACE

FINDING 3

Companies today acknowledge nearly 20 non-binary genders.

Businesses are offering employees greater flexibility when it comes to gender identity.

NON-BINARY GENDERS

Employers want to be welcoming of all workers, regardless of what gender they identify as. Being able to feel comfortable in one's own skin at work has long been enshrined in companies' core values—Namely's included. Combing through our employee profile database, we found a surprisingly long list of options that went beyond just male and female.

While 90 percent of companies provided just three options—male, female, and “not specified,” of the remaining 10 percent, we found over 20 customized options. These include:

- Agender
- Androgynous
- Bigender
- Genderqueer
- Gender Not Listed
- Gender Nonconforming
- Gender Diverse
- Gender Fluid
- Non-Binary
- Not Sure
- Other
- Third Gender
- Trans
- Transgender
- Transexual
- Trans Female
- Trans Male
- Transgender Female to Male
- Transgender Male to Female

While that's the full list of options provided by companies, note that no single organization offered more than ten gender identities.

So why do only 10 percent of companies actually offer these non-binary choices? It isn't out of ill-will. Historically, HR compliance hasn't always been the most flexible on gender. Every year, businesses are required to file EEO-1 or employee demographic reports. When it comes to gender, the options have always been limited to two: male or female. While that view of gender is the federal standard, some states have stepped in. In Oregon and the District of Columbia, [for example](#), individuals must be allowed to self-identify in non-binary terms on drivers' licenses and work documents.

Our team discovered that many companies, in an effort to remain both compliant and accommodating, have created multiple gender fields in their HRIS. In addition to the more inclusive “gender identity” option, companies often also recorded fields like “Sex for EEO Purposes,” “Gender for Benefits Purposes ONLY,” and “Gender as Shown on Passport.”

On the subject of gender, federal and state laws still have some catching up to do. That said, companies are clearly looking for ways to overcome that challenge and foster a workplace that is inclusive to all employees—not just those that fit into a federal reporting bucket.

HR’s Perspective

“It’s important that employees feel comfortable self-identifying in the workplace, and building that inclusive environment starts at the top. Communication from leadership can make or break an employee’s trust. Without trust, employees won’t self-identify even when given the opportunity.

Instead of simply repeating corporate talking points, leaders today should know how to speak about gender diversity in an open and authentic way. It’s important to acknowledge the diversity of your team and use inclusive language thoughtfully. Being fluent with the preferred terms will help colleagues feel at ease.

It’s always a great idea to encourage employee resource groups or ERGs. These groups give employees the opportunity to be involved and have a voice in important initiatives. They are also a great feedback mechanism for the company. Keep the dialogue open, as most people are looking to help. Just tell them how!”



Jennifer Brown
Founder, CEO
Jennifer Brown Consulting

FINDING 4

Managers lead teams that are ethnically similar.

“Similar-to-me” bias has led to demographically aligned teams.

MANAGER-EMPLOYEE ETHNICITY

The most successful teams are the ones that aren't culturally homogeneous. That isn't just conjecture—in [several studies](#), diverse teams were found to be more productive, innovative, and even more profitable. Individuals belonging to different ethnicities each bring unique perspectives and ideas to the table, likely contributing to their [higher propensity for creative thinking and problem-solving](#).

Given the studies described above, it's clear that diverse teams represent the ideal. But how do team demographics align in reality? It turns out that managers, who often have the final say in hiring decisions, are building teams that generally resemble themselves.

MANAGERS' DIRECT REPORTS, BY ETHNICITY

Highlighted: Overrepresentation Based on Overall Workforce Demographics

Employee Ethnicity	Manager Ethnicity						
	American Indian	Asian	Black	Hispanic	Nat. Hawaiian Pac. Islander	Two or More	White
American Indian	2.73%	0.17%	0.28%	0.26%	0.34%	0.26%	0.32%
Asian	12.50%	43.74%	6.89%	7.97%	23.37%	13.78%	9.83%
Black	8.98%	4.68%	34.14%	9.40%	4.12%	9.33%	6.52%
Hispanic	9.77%	7.87%	15.60%	40.94%	17.87%	16.38%	8.99%
Native Hawaiian / Pacific Islander	3.52%	0.44%	0.31%	0.57%	2.75%	0.85%	0.31%
Two or More	4.30%	2.81%	3.62%	3.47%	5.84%	4.50%	2.78%
White	58.20%	40.29%	39.15%	37.39%	45.70%	54.90%	71.24%

Our team found a strong correlation between the ethnicity of the manager and the prevailing ethnicity of his or her direct reports. The above is a breakdown of direct reports by ethnicity. Note that this is a manager-centric view. For example, the above indicates that 43.74% percent of employees with an Asian manager are Asian.

We found that Asian, Hispanic, black*, and white managers have shares of direct reports within their own demographic far exceeding national workforce averages. While white direct reports still account for the majority of direct reports in most instances, they actually rank second on teams led by Asian and Hispanic managers.

* Regarding capitalization: While many style guides, including that of the Associated Press, require white and black to be lowercase, the rule has come into question. Read about the debate [here](#).

MANAGER-EMPLOYEE ETHNICITY

While our first chart looked at managers and their direct reports, we also wanted to switch focus to the employees themselves. In other words, were direct reports more likely to share their ethnicity with their manager? Unsurprisingly, there is a strong correlation here as well. 34 percent, 25 percent, and 20 percent of Asian, Hispanic, and black employees respectively have a manager of the same ethnicity.

EMPLOYEES AND THEIR MANAGERS, BY ETHNICITY

Highlighted: Overrepresentation Based on Overall Workforce Demographics

Employee Ethnicity	Manager Ethnicity						
	American Indian	Asian	Black	Hispanic	Nat. Hawaiian Pac. Islander	Two or More	White
American Indian	2.66%	5.70%	4.18%	6.08%	0.38%	1.90%	79.09%
Asian	0.28%	34.40%	2.34%	4.24%	0.59%	2.27%	55.87%
Black	0.34%	6.22%	19.61%	8.45%	0.18%	2.60%	62.61%
Hispanic	0.25%	7.05%	6.05%	24.83%	0.52%	3.08%	58.22%
Native Hawaiian / Pacific Islander	2.79%	12.38%	3.72%	10.84%	2.48%	4.95%	62.85%
Two or More	0.44%	10.02%	5.58%	8.36%	0.67%	3.37%	71.56%
White	0.27%	6.58%	2.77%	4.13%	0.24%	1.88%	84.12%

Most employees across all ethnicities were more than 50 percent likely to have white managers.

Given overall workforce demographics, the above isn't so surprising. However, the most troubling disparity here was found among white employees, 84 percent of whom report to a white manager. In other words, while all non-majority groups are likely to report to white managers, white employees rarely report to other ethnicities.

HR's Perspective

“People aren’t comfortable with authenticity. Just having different-looking people in the room doesn’t create a inclusive workforce. Diversity includes things you can’t see, and often things we feel we can’t bring to work, such as religious, political, or socioeconomic background. By making these topics taboo, we create a work environment that discourages real differences.

If your culture doesn’t allow for authenticity, managers will automatically hire more people who look and think like them because these people make them feel safe to be their authentic selves. Until we make the workplace a safe space to have these conversations, it will be impossible to create a culture of diversity and inclusion. In HR, we can help create those safe spaces by facilitating small meet ups, cordial conversations, and opportunities for disagreement without the aim to convert.



Dethra Giles
Chief Bridge Architect
ExecuPrep

HR serves as a model for the company as a whole, so we have to lead authentically. We’re in a precarious spot where there is no real rulebook for this type of inclusion, so if we start by inviting everyone to help us learn and improve our initiatives, we stand a better chance to include every voice.”



FINDING 5

The leadership gap is real.

The vast majority of managers are white males.

MANAGER DEMOGRAPHICS

To truly “walk the walk” when it comes to diversity and inclusion, it isn’t enough to simply hire diverse individual contributors. More than this, these employees need the opportunity to either be hired or promoted into managerial positions.

So what does the average manager look like today? Let’s begin by looking at gender. In Namely’s data, there are over 41,000 managers overall. Among these managers, only 35 percent identify as women. Among female employees generally, 16 percent hold managerial positions.

BREAKDOWN OF MANAGERS BY GENDER

Gender	% of Managers	% of Employees Who Are Managers
Not Specified	6%	9%
Female	35%	16%
Male	59%	20%

Reporting Relationships
63.81% of employees reporting to women are women 36.19% of employees reporting to women are men 31.52% of employees reporting to men are women 68.48% of employees reporting to men are men
51.20% of female employees report to women 48.80% of female employees report to men 21.50% of male employees report to women 78.50% of male employees report to men

MANAGER DEMOGRAPHICS

Our team wanted to dive deeper, so we also looked at who actually reports to these managers. We found that managers and their direct reports are closely aligned by gender. Male and female employees report to managers of the same gender 78 and 51 percent of the time, respectively. Here we found the biggest concern: only 21 percent of male employees report to women, whereas nearly half of women report to men.

BREAKDOWN OF MANAGER ETHNICITY

Highlighted: Under Representation Based on Overall Workforce Demographics

Ethnicity	% of Managers	% of Employees Who Are Managers
American Indian	0.32%	11.75%
Native Hawaiian / Pacific Islander	0.37%	13.94%
Two or More Races	2.87%	13.87%
Black or African American	7.45%	8.28%
Hispanic or Latino	10.91%	9.81%
Asian	13.25%	16.29%
White	59.43%	21.29%
Prefer Not to Disclose	5.40%	17.5%

As shown above, most managers are also white. While that isn't as troubling as it first sounds (59 percent of those in our employee database were white), the data concerned us in other ways. As we did with gender, let's focus on manager rate, or the percentage of individuals within a certain demographic that are managers. Nearly 20 percent of white employees are managing someone. In comparison, black and Hispanic employees are managers only half as often.

In other words: while the lack of diversity among managers can be partially accounted for by workforce demographics, the "opportunity gap" among non-majority ethnicities can't be.

While this data might dishearten corporate diversity advocates, it also presents an opportunity for HR and recruiting teams. Women and non-white managers alike are uniquely positioned to serve as change agents. For example, consider that nearly a third of managers are women—and most employees reporting to women are women. It could be argued that having female managers is therefore a critical piece in promoting overall gender balance at companies. And given what we discovered in our earlier section on manager-employee ethnicity, the same could potentially be said for other demographic categories as well.

HR's Perspective

“As an HR professional, you have to make diversity a point of conversation at all levels of the company. If it isn't, speak up and don't be afraid to challenge the status quo. Set measurable goals and make sure you have processes in place to support diverse candidates even after they're hired.

Always remember that you don't necessarily have to go looking for external candidates to fill leadership positions. I've made it a practice to promote from within. By identifying high performers without factoring in gender or ethnicity, we ultimately ended up advancing a more diverse set of candidates.

When there is only one woman or minority at the executive level, it's crucial to ensure that their voice is heard and valued. Unintentionally, we sometimes overlook the one person that has a different perspective—resulting in that individual not wanting to speak up at all. While change won't happen overnight, HR needs to encourage those in positions of power to support individuals with diverse viewpoints and make sure their voices are heard.”



Pamela Shand, CPRW
Chief Executive Officer
Offer Stage Consulting

FINDING 6

The demographic divide between departments is significant.

When it comes to gender, HR and sales teams are polar opposites.

DEPARTMENT DEMOGRAPHICS

If you've worked in a corporate setting long enough, you've likely observed that individual teams often take on their own values and culture. You know the stereotypes: sales teams are competitive, finance is conservative, and HR is the [complaint department](#).

While it's natural for teams to foster their own identity, it should never be on the basis of gender or ethnicity. For some teams, however, that appears to be the case.

While the number of departments or business units within an organization can vary widely by industry, we singled out six business-critical teams found at most organizations. These include HR, finance, sales, marketing, engineering, and operations.

DEPARTMENT DEMOGRAPHICS

Highlighted: Largest Disparities Based on Overall Workforce Demographics

Demographic	HR	Finance	Sales	Marketing	Engineering	Operations
Male	33%	48%	65%	46%	83%	55%
Female	67%	52%	35%	54%	17%	45%
American Indian	0.2%	0.2%	0.2%	0.3%	0.1%	0.4%
Asian	12%	21%	8%	12%	29%	14%
Black	8%	7%	4%	5%	2%	9%
Hispanic	10%	10%	8%	7%	6%	12%
Native Hawaiian/ Pacific Islander	0.7%	0.3%	0.3%	0.4%	0.2%	0.6%
Two or More	4.4%	0.7%	0.7%	3%	2%	4%
White	65%	60%	77%	73%	61%	60%

As discussed earlier in this report, the gender divide of our employee database is 57 percent male and 43 percent female. In regards to ethnicity, 59 percent were white. Looking exclusively at the above departments, we found significant departures from these figures.

HR, sales, and engineering departments have by far the starkest gender divides. HR and recruiting teams are overwhelmingly female, with women accounting for nearly 70 percent of all HR employees. Conversely, sales and engineering teams are 65 and 83 percent male, respectively. The bad news for sales doesn't stop there—both sales and marketing teams have poor marks for ethnic diversity, with white colleagues accounting for well over 70 percent of their headcount. Perhaps most troubling, black colleagues were underrepresented in nearly every department except operations.

While these numbers may seem extreme, they remain aligned with what the U.S. Bureau of Labor Statistics has reported in past years. They also suggest that HR teams, typically thought of as internal leaders on diversity, may need to redouble their efforts internally.

Though some of the findings are concerning, there's cause for optimism elsewhere. Relative to their share of the general population, Hispanic and Asian employees are

Operations teams are by far the most representative.

well represented on most teams. Marketing and finance departments enjoy strong gender parity, both coming in just shy of a 50/50 split. Additionally, while departments may struggle with either gender or ethnic diversity, they only occasionally struggle with both. This said, there was one department that came closest to checking both boxes.

Operations teams are by far the most representative of the U.S. workforce. While men account for a 10 percent larger share of employees, ethnicity numbers are much more favorable. Compared to the workforce statistics shared in the beginning of this report, no single ethnicity in operations was under or over represented by more than 5 percentage points. While the ideal state is clearly a zero percent differential, operations teams can take heart in our findings.

HR's Perspective

“If you want to make departments more diverse, look at how you hire. When building a team, HR and hiring managers need to consider ‘culture add,’ not just ‘culture fit.’

During job interviews, I ask candidates to name three values he or she is seeking in a new employer. I’ve found that the answers here can be very telling. I then follow up by asking applicants to look introspectively and tell me what they believe they will be able to add to our existing culture.

I look for impressive, thoughtful, and diverse answers from motivated and enthusiastic people before deciding whether to vote ‘yes’ for the candidate. I believe our efforts at building an inclusive and diverse workplace are a big part of what has made our company a “Best Place to Work” list for four consecutive years.”



Paige Charbonneau, PHR

HR Manager
Aqueduct Technologies



FINDING 7

Gender bias factors into raises and promotions.

When it comes to getting your just rewards, the gender of your manager matters.

For managers and HR professionals alike, adequately rewarding high performers with either raises or promotions is retention 101. [A number of factors](#) should go into a manager’s decision to promote an employee, like their ability to set and meet goals. There are more intrinsic characteristics that should obviously be irrelevant, gender being one.

So does it actually play out that way? Looking at both job title changes and promotions, our team sought to determine whether there was any relationship between an employee’s gender and their likelihood of being rewarded.

WAGE AND TITLE CHANGES, BY GENDER

Recipient Gender	Promotion	Raises
Male	54%	57%
Female	42%	40%
Non-Specified	4%	3%

WAGE AND TITLE CHANGES, BY MANAGER GENDER

Recipient Gender	Female Managers	Male Managers
Female	61%	31%
Male	38%	69%

First, we looked at our general population of wage and title changes. Men receive 54 and 57 percent of all promotions and raises, respectively. This much wasn’t surprising given that men account for a slight majority of the workforce overall. What did surprise us was the relationship between employees’ likelihood of a raise and their manager’s gender. In our data, women and men reward direct reports of the same gender *nearly twice as often*.

While compelling, these findings should be presented with a caveat—as discussed earlier, both men and women are more likely to report to a manager of the same gender. Looking back, the most significant disparity in that section was that only 21 percent of male employees reported to women.

While these team dynamics partially account for the smaller number of promotions for men reporting to women, it does not account for the reverse. Our data shows that while half of all women report to men, only 31 percent of all raises granted by male managers actually go to them.

HR's Perspective

“Now more than ever, HR managers have easy access to data and reporting for their employee population. Use salary reports to take a critical look at your pay data and conduct a pay equity analysis to determine how your organization is faring. Namely has a practice of evaluating gender pay equity on a semi-annual basis, and we find that it helps to keep us accountable on our goal of fair and equal pay. It might seem intimidating, but you don't need complex statistical analysis to arrive at useful findings.



Julie Li

**Senior Director of People Ops
Namely**

Download a report of your population that includes name, salary, start date, department, job level, job title, and gender. Take a look at the range of salaries across the dimensions that are relevant for your company, and segment by gender. Do you see a difference in the averages for females versus males? Two other data points I find interesting are date of last salary change and number of salary changes during an employee's tenure. Keeping an eye on this data can help you assess whether you're paying equitably across genders and potentially pinpoint areas of concern that need to be addressed either immediately or during your next compensation review cycle.”

FINDING 8

Employees tend to recognize peers like themselves.

Female employees are particularly under-recognized by male peers.

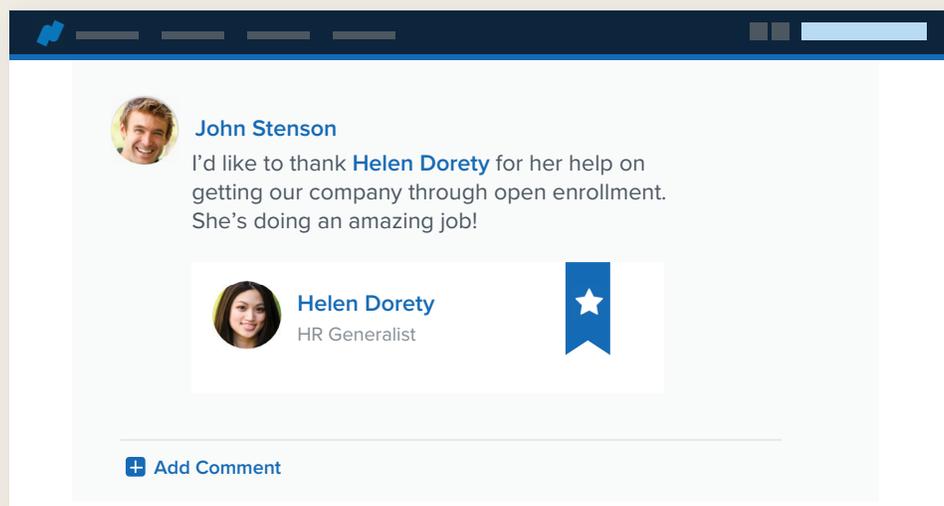
EMPLOYEE RECOGNITION

Among all the factors that influence whether an employee stays or leaves a company, few are as important as recognition. Underappreciation can account for [nearly half](#) of overall unhappiness at work. While recognition can take the form of a pay raise or promotion, even written or verbal affirmations can carry meaning. [One study](#) found that 70 percent of employees valued these forms of “informal” recognition more than traditional monetary gifts or bonuses.

While recognition’s role in driving engagement shouldn’t be news to businesses, it may come as a surprise that it often falls along gender and ethnic lines. Our data found a strong correlation between the demographics of appreciators and those being appreciated. This relationship was notably much stronger when gender was considered alone.

How did we measure recognition?

Recognition has historically been difficult to document and measure. Namely’s HR platform includes an [“appreciation” feature](#) where colleagues can recognize each other in a way that is visible to their whole company. This recognition is logged for managers to reference during performance reviews. We used this data to represent peer recognition.



RECOGNITION GIVEN BY GENDER

Appreciator Gender	Recipient Gender	
	Female	Males
Female	57%	43%
Male	42%	58%

When singling out those who gave recognition, our data showed that men and women tended to appreciate colleagues of their own gender more so than others. Among females, 57 percent of appreciations given were to other females. Conversely, 58 percent of appreciations given by male employees went to fellow men. The dynamic became even more concerning when our team shifted focus from those who gave recognition to those who *received* it.

RECOGNITION RECEIVED BY GENDER

Recipient Gender	Appreciator Gender	
	Female	Male
Female	64%	36%
Male	49%	51%

Male employees receive recognition from both men and women nearly equally. Among females, however, that same parity does not exist. Nearly 64 percent of all recognition given to women comes from other women. In other words, our data shows that women receive only a third of their recognition from male peers.

RECOGNITION GIVEN BY ETHNICITY

Ethnicity	Own Demographic	Rest of Workforce Average
Asian	19%	13%
Black	10%	8%
Hispanic	13%	11%
White	67%	59%

We found many of the same dynamics at play when shifting focus to other demographics. As shown above, employees are more likely to recognize other employees of the same ethnicity. Among non-majority ethnicities, the disparity ranged from 2 to 6 percent. The difference is greatest among white employees (8 percentage points), but this could be due to that group accounting for such a large share of the workforce. It should be noted that we found no relationship between a company’s diversity and propensity for giving or receiving recognition.

The “similar-to-me” bias described earlier in this report may partially account for these findings. After all, employees are likely to recognize the peers they work closest with. If teams are often aligned on gender and ethnic lines, this limits the opportunities for diverse colleagues to work together and form meaningful workplace connections.

HR's Perspective

“When it comes to gender and recognition, it can be challenging to overcome the ‘similar-to-me’ bias. To support our female team members, we offer a variety of women-centric initiatives—such as a female-focused book club. When we first began, we were good about including women from across the company, but forgot to encourage male participation. We realized that if we were only involving women, it would be impossible to get the holistic support that drives real organizational reform. In that spirit, we’ve been actively trying to engage more men in these women-focused activities.

Our company also offers a mentorship program for all team members. Applicants share career goals, skills they’d like to improve, and the name of a peer they view as a mentor. We’ve seen more and more women identifying male role models in the company. Knowing these women don’t limit their potential based on gender differences speaks to the inclusive culture we’re trying to build.”



Meghann Isgan, SPHR
Director of Team Success
Readers.com



FINDING 9

Over a third of millennial managers have older direct reports.

Workplace age dynamics make effective training more important than ever.

Chances are that you associate the term “manager” with qualities such as leadership, poise, and experience. Depending on which generation you belong to, you might also be thinking of someone older than you. Given what we discovered earlier, you’re probably subconsciously expecting someone of the same gender or ethnicity as you.

With workforce demographics shifting and millennials now accounting for [the majority of employees overall](#), have the age dynamics between managers and employees changed? Our team sought to find out.

MANAGERS BY AGE GROUP

[Highlighted](#): The “millennial” generation of workers.

Age Group	Percent of Managers	Percent of Employees Who Are Managers
20 & Under	0.41%	3.39%
21-25	1.71%	2.44%
26-30	13.66%	10.77%
31-35	21.67%	21.15%
36-40	18.27%	26.55%
41-45	13.79%	28.92%
46-50	10.67%	28.38%
51-55	6.92%	25.51%
56-60	4.42%	24.40%
61-65	1.84%	20.32%
66 & Above	0.73%	14.38%

Overall, the majority of managers are between 30 to 40 years old. Younger millennials make a respectable mark on the list, with nearly 15 percent of managers being 26 to 30 years old. Outside of this range, the number of managers sharply declines. While “boss babies” may be all the rage on the silver screen, managers between the ages of 20-25 represent just 1% of our dataset.

Though millennials account for the majority of the workforce, they haven’t yet taken the lead on management. That said, these young leaders can have an indelible impact on the individuals they manage. So what do their teams actually look like?

MANAGERS AND THEIR EMPLOYEES, BY AGE

Most frequent and least frequent reporting relationships



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OLDER & SAME-AGE REPORTING RELATIONSHIPS

Direct Report Ages	Manager Age										
	20 & Under	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66 & Above
Older than Manager	62%	52%	32%	25%	23%	19%	17%	12%	7%	3%	-
Same Age Bucket	38%	41%	35%	23%	15%	12%	11%	10%	9%	7%	18%

The most common reporting relationship overall is between managers who are aged 31-35 and direct reports who are aged 26-30. At the early stages of an individual’s managerial career, the age gap was seldom more than five years.

While what constitutes a “millennial” is amorphous, [the generally accepted definition](#) is an individual born between 1981 and 1996. As of this writing, that’s anyone aged between 22 and 37. Applying this definition, we find that 36 percent of millennial managers have older direct reports. What’s more, 33 percent of these young managers have direct reports belonging to their same age bucket.

Bottom line? Millennial managers often find themselves in a unique position: with comparatively little experience, they must lead peers that are either older than them or belonging to the same age group. In these instances, crossing the “[credibility gap](#)” can be a challenge. It’s critical that businesses and HR teams adequately equip these managers with adequate training and development opportunities to ensure that they succeed.

HR's Perspective

“There’s more to this dynamic than just regular manager training. Regardless of whether your direct reports are younger or older, you need to practice empathy to be successful as a leader. Whether it’s during recruiting, onboarding, or day-to-day operations, learn to practice empathy in your daily routine as a manager.



Caleb Wood, SHRM-CP
Payroll and HRIS Administrator
Kestra Financial, Inc.

By learning to engage in an empathetic mindset and helping those around you do that same, you start to view daily tasks with a new perspective. You begin to think about how others think even if you do not have the same background. That is the cornerstone to maintaining a successful working relationship with any employee, whether they’re your direct report, manager, or anyone else.”



FINDING 10

Diversity among chief executives still has a long way to go.

To compensate, companies are hiring leaders focused on diversity full time.

We've spent most of this report looking at employees and their managers—but what about the highest possible level of leadership, among CEOs and founders? There's a [well-documented](#) lack of diversity among chief executive leaders at Fortune 500 companies, but to what extent does the problem exist among the mid-sized companies we examined?

CHIEF EXECUTIVE/FOUNDER DEMOGRAPHICS

Demographic	Percent
Male	81%
Female	19%
American Indian	1%
Asian	11%
Black	1%
Hawaiian / Pacific Islander	< 1%
Hispanic	4%
Two or More	3%
White	79%

Among the 1,000+ chief executives in our database, 81 percent are male and 79 percent are white. For perspective, keep in mind that only 59 percent of the general workforce is white. Similar to our findings at the managerial level, black and Hispanic individuals are grossly underrepresented. As concerning as these results are, there is one small bit of good news: 11 percent of chief executives are Asian, just shy of that demographic's share of the workforce overall (13 percent).

It's clear that chief executives tend to be white and male. So how can leadership be taken seriously on the topic of diversity when it is seldom diverse? We noted a small but growing contingent of companies hiring leaders focused expressly on diversity and inclusion. While the role of Chief Diversity Officer isn't new ([technology giant Uber most recently hired one](#)) we were surprised by the variety of other roles. In Namely's database, we found diversity leaders with unique titles like:

- 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

We noticed that inclusion or belonging is featured in most of these titles. What's the difference? In layman's terms, it's sometimes said that diversity is about inviting everyone to the party—and inclusion is about asking them to dance. Indeed, diversity is about more than just fulfilling headcount metrics. It's about ensuring that every employee, regardless of their demographic, feels like a valued member of the organization.

HR's Perspective

“Having an executive, not just an individual contributor, focus on diversity and inclusion is so important. Otherwise, companies without this support will need the help of an entire team to make an impact.

If the leadership doesn't see value in championing diversity and inclusion initiatives, it's going to be hard to get buy-in throughout the organization. In HR, you can help find ways to bring the organization together around diversity through employee resource groups (ERGs) and ongoing trainings.”



Janice Gassam
Diversity Consultant
BWG Business Solutions

Conclusion

CONCLUSION

While data can provide thought-provoking insights, diversity and inclusion isn't just about headcount ratios and figures. A successful D&I program changes the way people think and interact with one another. How do you overcome “similar-to-me bias” in recognition and promotions? How do you address departments aligning by gender or ethnicity?

These are difficult issues to confront, especially since—according to our findings—they require most of us to first admit to our own biases, conscious or not.

Addressing the problem requires leadership. Fortunately, there's one party up to the task.

As both the architects and arbiters of company culture, HR teams are uniquely positioned to tackle the issues described in this report. For a department that often aspires to greater influence, diversity provides HR with both a challenge and opportunity. Rather than discourage, these findings should inspire these teams to prioritize and act on the subject of diversity.

Bottom line? There's work to be done—so let's get to it.



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