

## The Conference Board Special Webcast

Wage Gaps by Race/Ethnicity and Gender: Current Trends and Opportunities for Change in the US  
March 31, 2021



## Some of the critical issues we will be covering today

- The evolution of wage gaps in the past decade in the US.
- How representation in high paying occupations/industries contributes to current gaps.
- What organizations can do to help address pay gaps, both internally and externally.
- How the rapid growth of the computer and data processing services industry contributes to gaps for Black workers.
- Considerations around geography and remote work to help decrease wage gaps in the US.



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# Today's Presenters



**Gad Levanon, Ph.D.**  
**(Moderator)**  
Vice President,  
Labor Markets  
***The Conference Board***



**Laura Sabattini, Ph.D.**  
Principal Researcher,  
Human Capital  
***The Conference Board***



**Dana Peterson**  
Executive Vice President  
& Chief Economist  
***The Conference Board***



**Frank Steemers**  
Senior Economist  
***The Conference Board***

## Poll Question 1

In the past 12 months, has your organization's leadership discussed the need to assess potential pay gaps in your workforce (e.g., by race/ethnicity and gender)?

1. Yes, more so than before
2. Yes, about the same as before
3. Yes, but less than before
4. No, there has not been any discussion (yet)
5. I don't know





# POLL QUESTION 1 RESULTS

# Wage Gaps by Race/Ethnicity and Gender

## Quick overview: What our analysis shows

- Wage gaps among different racial and ethnic groups are large and have widened in the past decade, especially for workers with a bachelor's degree.
  - ✓ Compared to non-Hispanic, White men, Black workers and Hispanic women show the largest gaps.
- Labor market segmentation is an important contributor.
  - ✓ Underrepresentation of Black and Hispanic workers in higher paying occupations and industries explains part of the wage gap.
- Growing tech sector metro areas have relatively small Black communities.
  - ✓ Black workers are largely underrepresented in industries with many top earners, such as the tech sector, which is concentrated in cities such as San Francisco, Seattle, Austin and San Jose.
  - ✓ Remote work could help decrease wage gaps in the US.



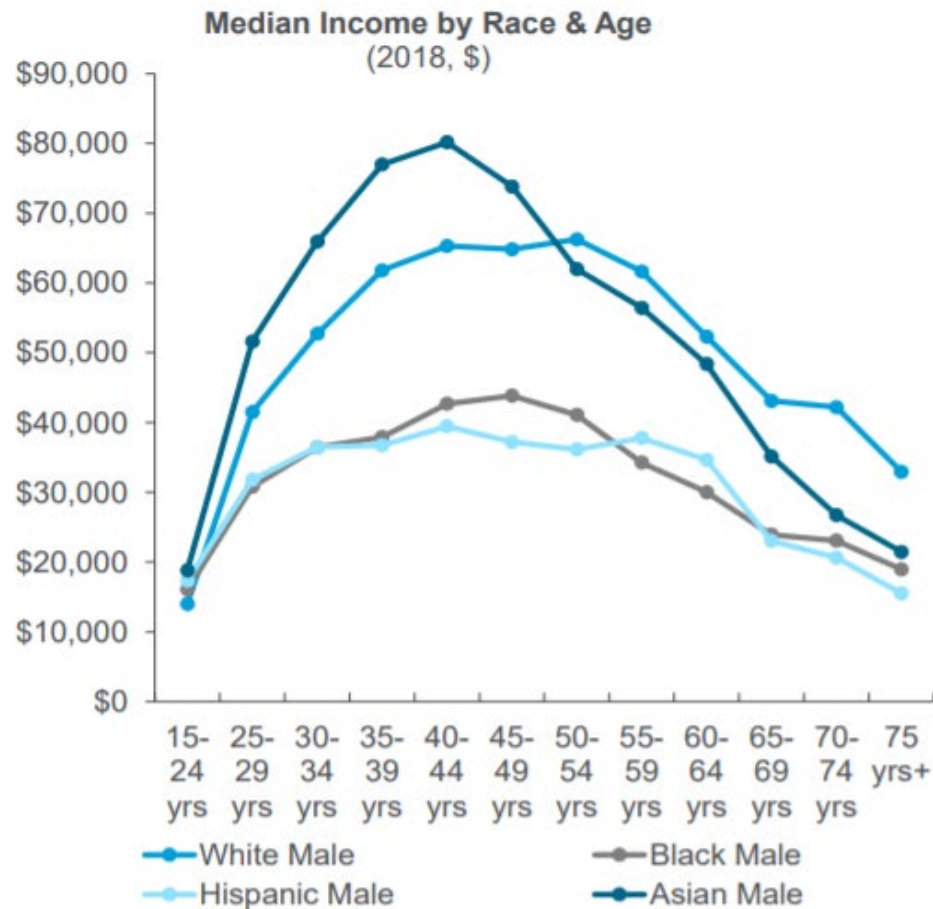


# Wage Gaps by Race/Ethnicity and Gender

## Current Trends

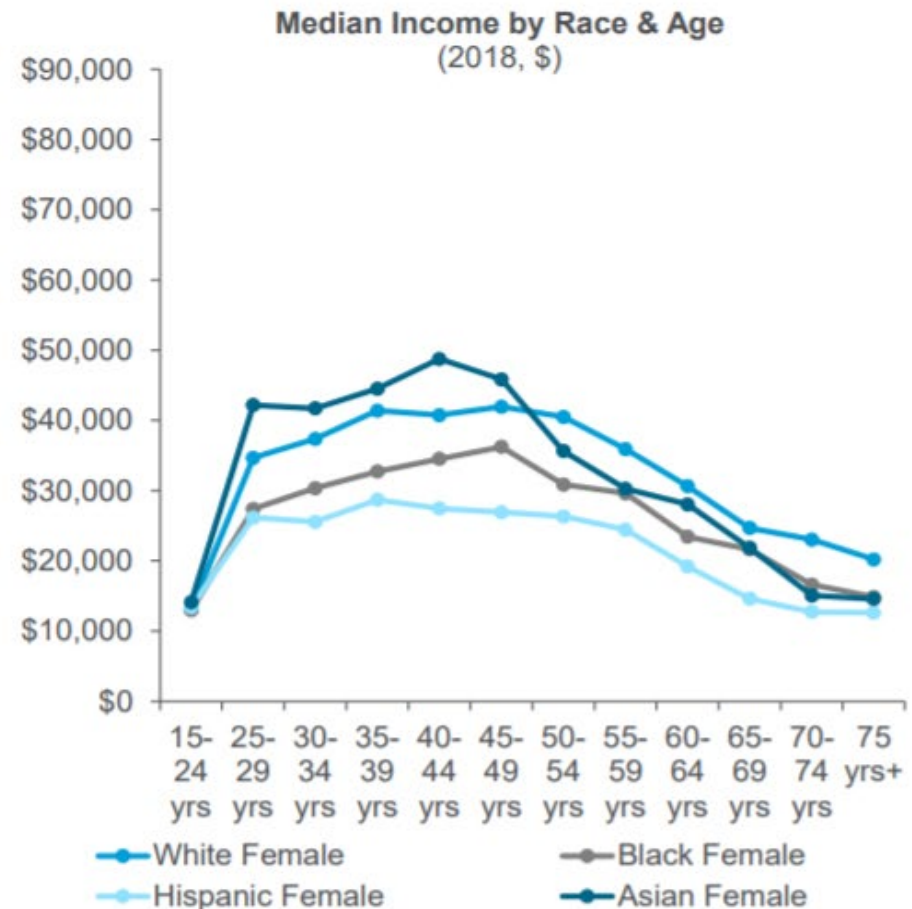
# Income gaps are prevalent across race, gender, age

Figure 46. Peak Income Occurs Sooner and Lower for Black Males



Source: Census Bureau, Citi Research

Figure 47. Income Prospects Over a Lifetime are Worse for Women

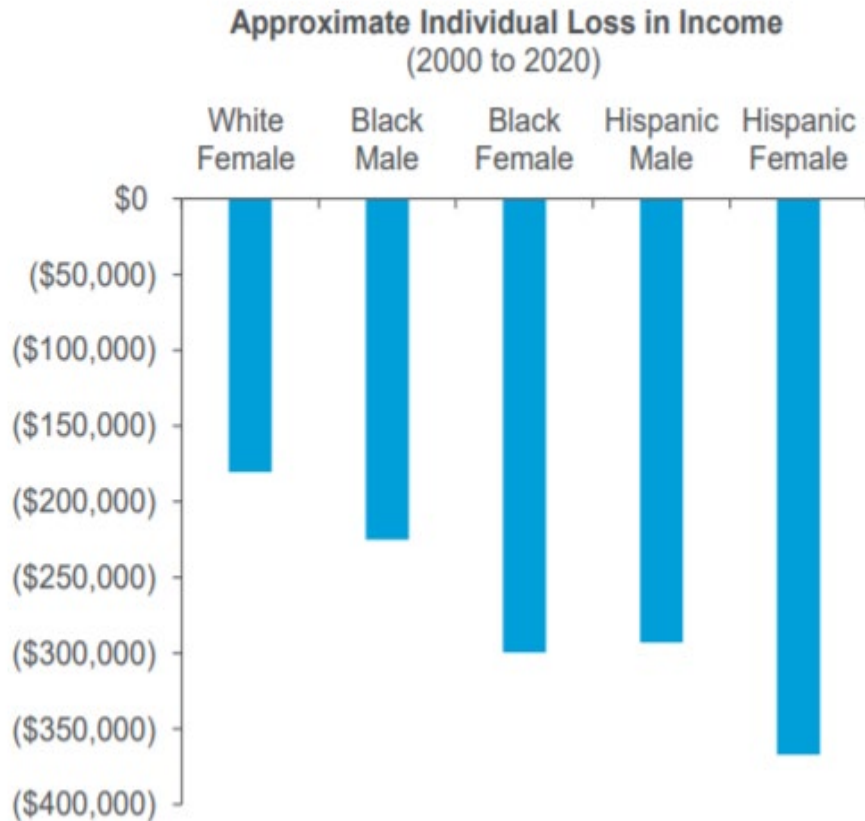


Source: Census Bureau, Citi Research



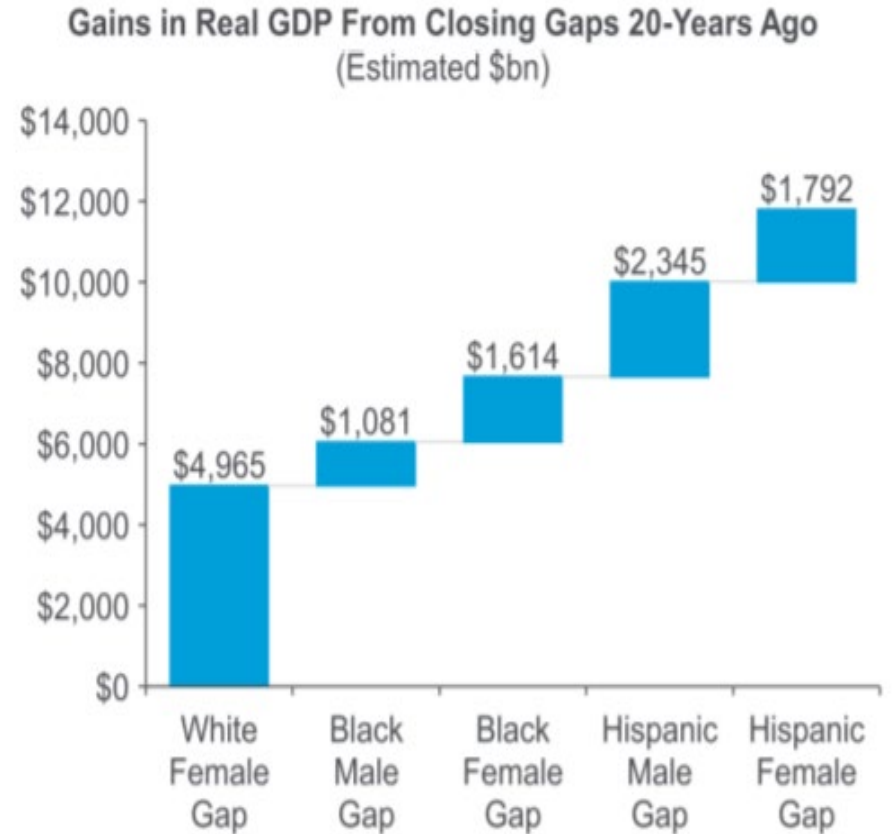
# Opportunity loss: wage gap

Figure 56. Accrual of 20 Years of Lost Income Due to Wage Gap is Acute for the Representative Black and Hispanic Worker



Source: Bureau of Labor Statistics, Citi Research estimates

Figure 59. Lost Wages Add Up to Trillions of Dollars in Foregone GDP



Source: Bureau of Labor Statistics, BEA, Citi Research



# Our econometric model to estimate wage gaps by race/ethnicity and gender\*

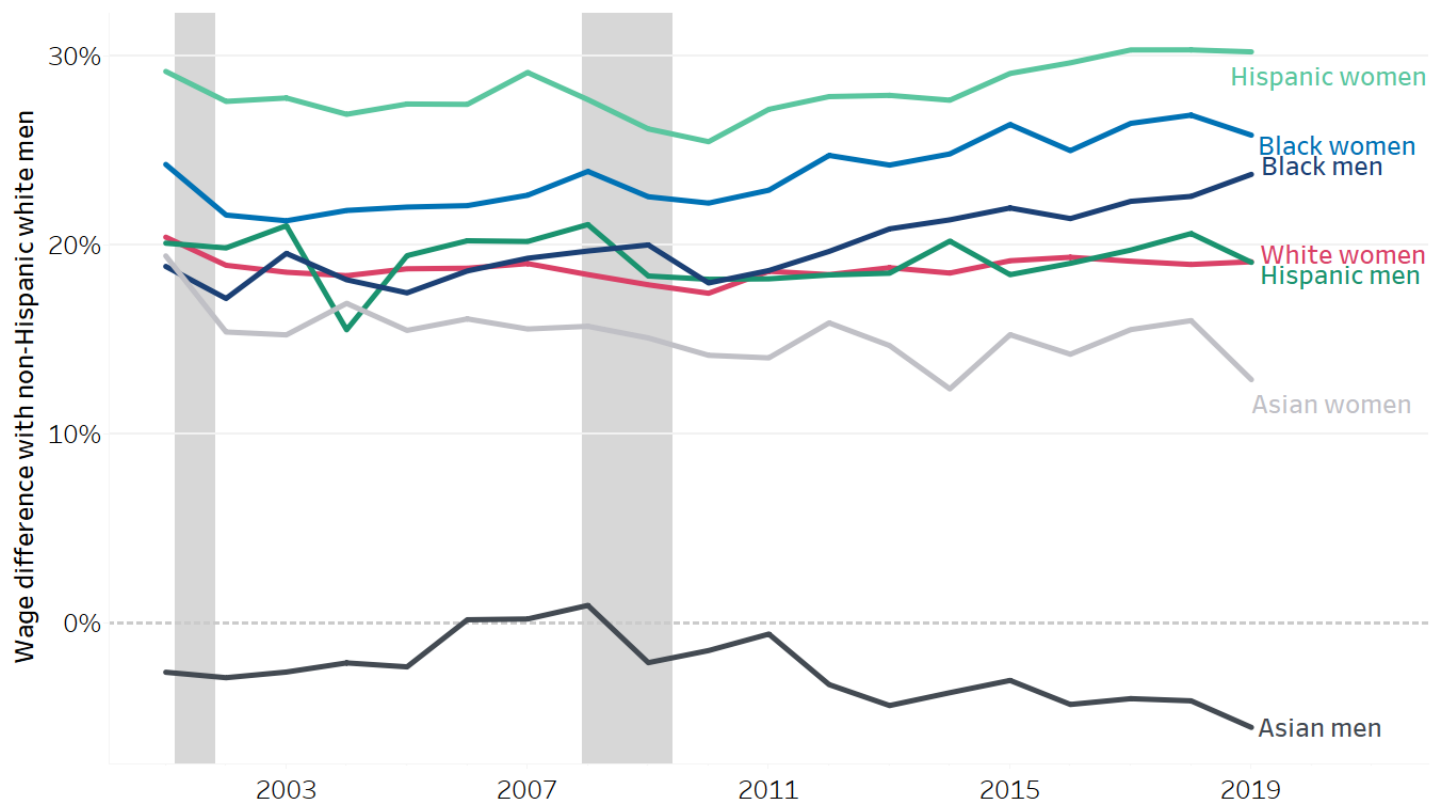
- Using an **econometric model**, we estimate wage gaps by race/ethnicity and gender.
  - ✓ The gaps are estimated among **full-time wage workers**.
  - ✓ We focus on workers with a **bachelor's degree**, but also discuss those wage gaps for workers without a BA.
  - ✓ Wage gaps are estimated for **Asian, Black and Hispanic workers, both men and women, and non-Hispanic White women**.
  - ✓ We decompose the wage gaps by taking into account differences in **demographics, education, geography, industry and occupation**.
  - ✓ Part of the wage gaps cannot be explained by our model.

\* **Note:** Comparison group is non-Hispanic White men



# Racial/gender gaps still high and rising, for workers with similar demographic, geographic, and educational characteristics

**Full-time wage workers with a bachelor's degree:** Wage gaps relative to non-Hispanic White men, after accounting for demographic, geographic, and educational differences



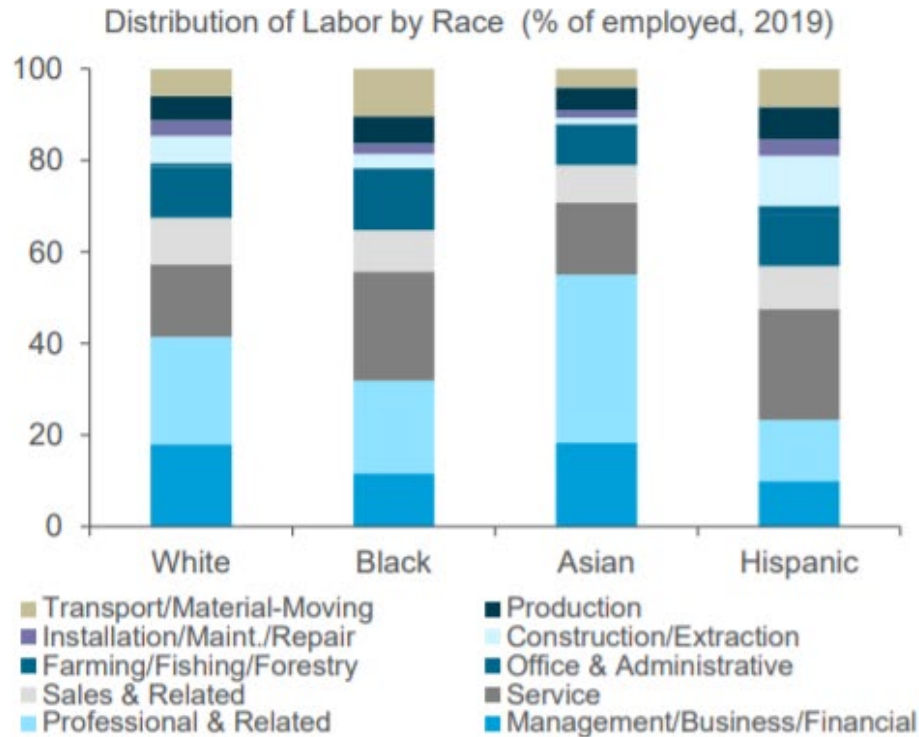
Note: The values represent the percent wage difference with non-Hispanic White men. Positive values mean non-Hispanic men earn more, a negative value means non-Hispanic White men earn less.

Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota



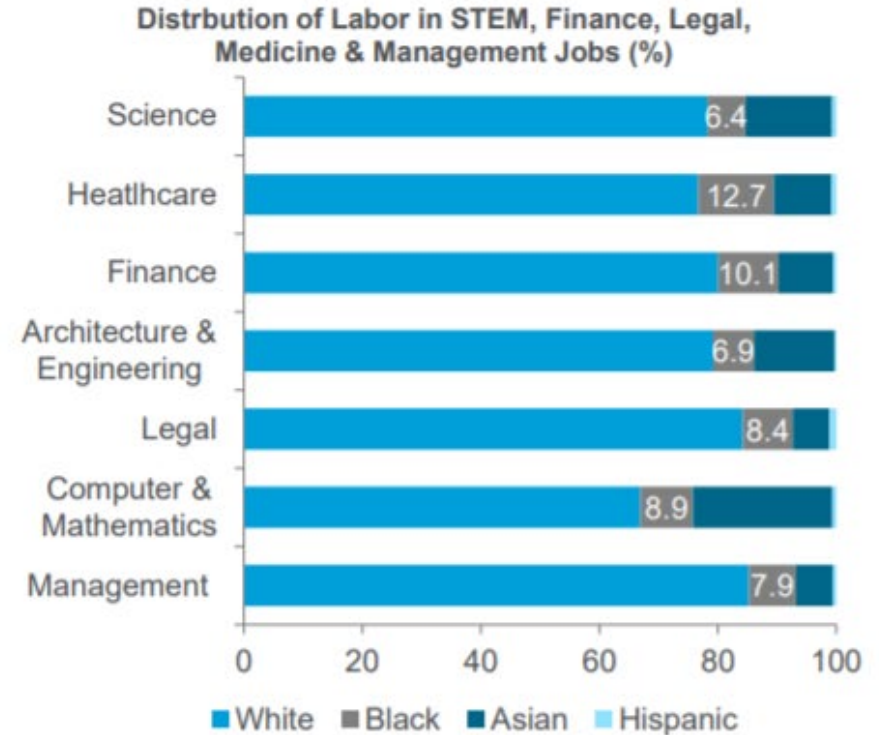
# Labor segmentation gap

Figure 60. Black Workers Are Underrepresented in Management, Business, financial, Professional and Related Occupations



Source: Bureau of Labor Statistics, Citi Research

Figure 61. Black Workers Comprise Small Shares of Occupations that Typically Pay Higher Wages Compared to White and Asian Workers

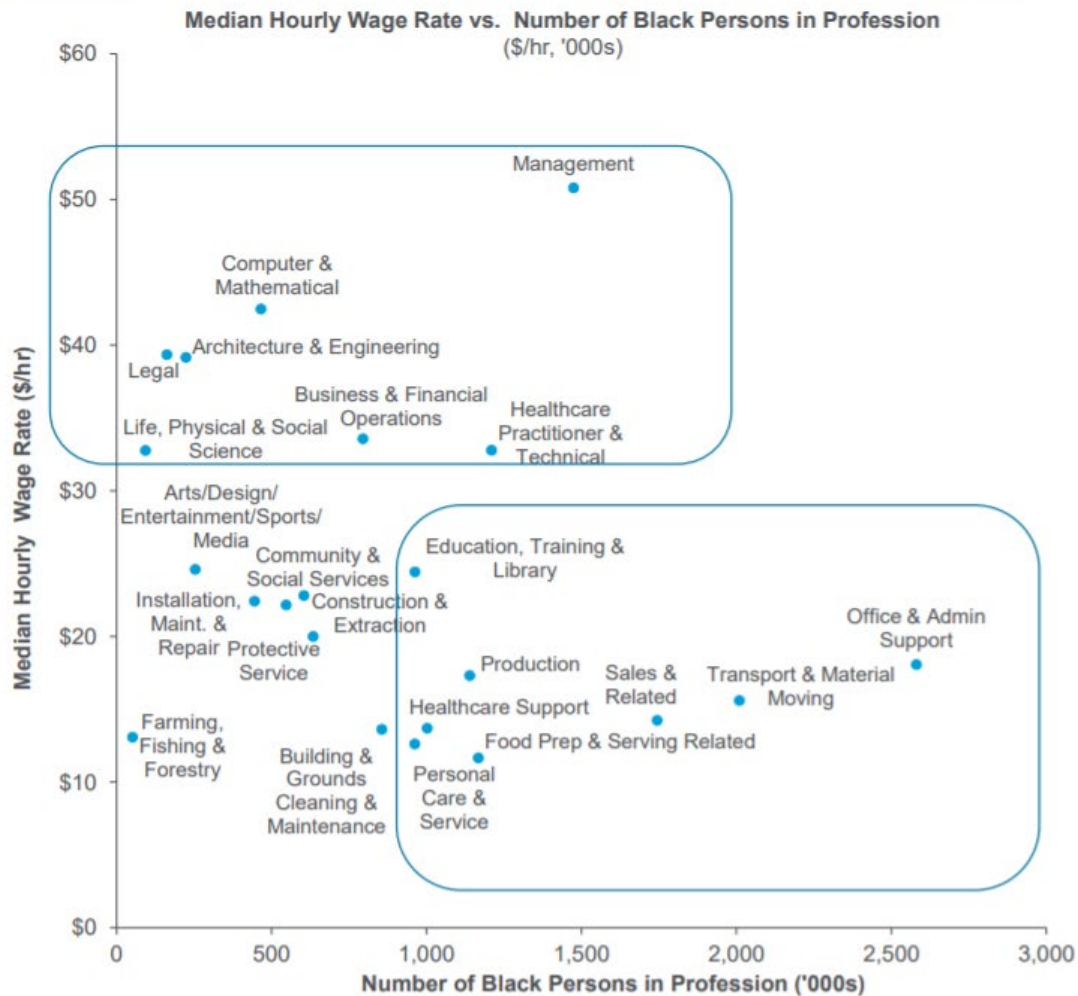


Source: Bureau of Labor Statistics, Citi Research



# Black workers are more represented in low-wage professions

Figure 62. Black Workers Are More Concentrated in Jobs that Pay Less than \$25/hour and May Also Require Fewer Skills

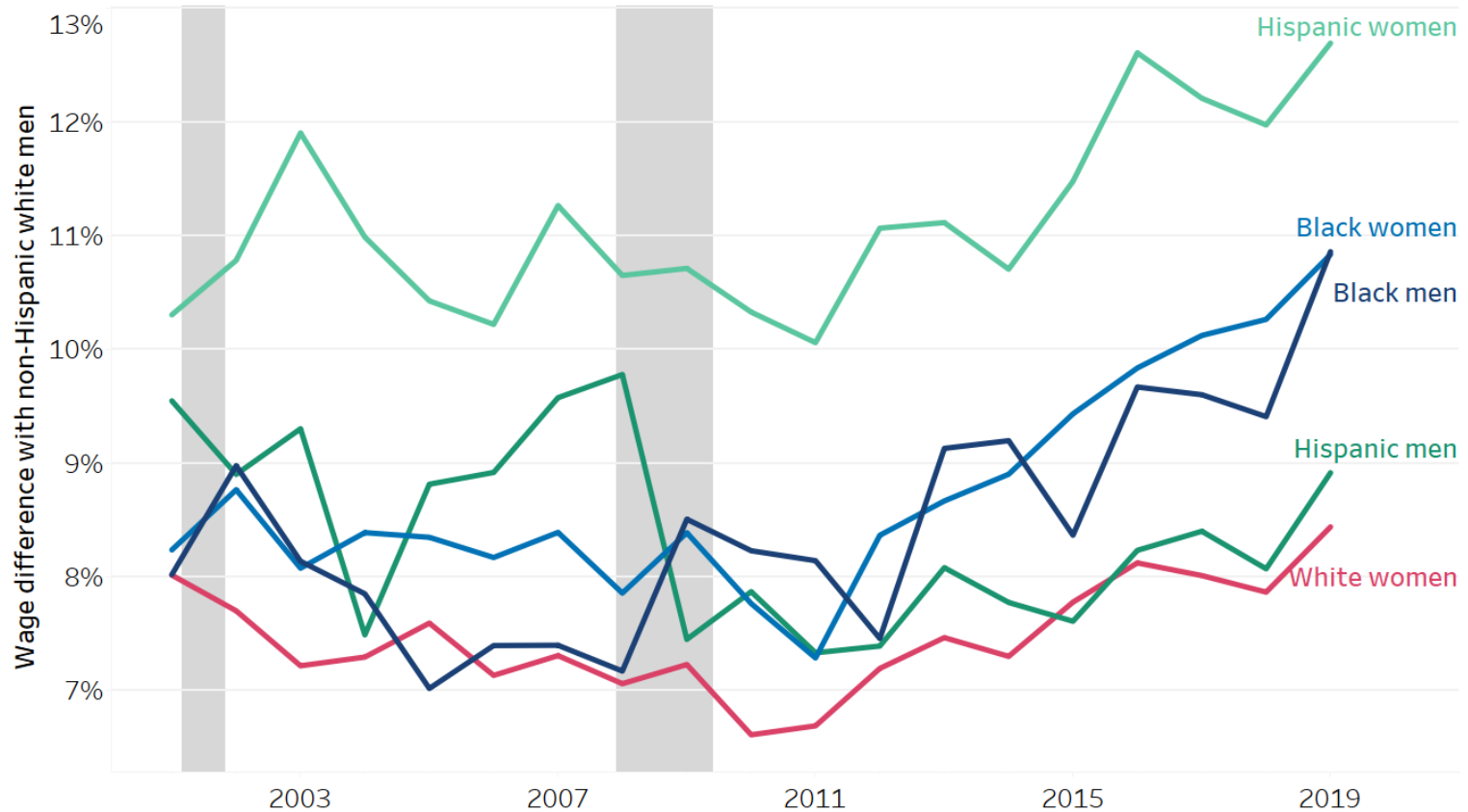


Source: Bureau of Labor Statistics, Citi Research



# Wage gaps resulting from different occupations/industries, have risen rapidly

**Full-time wage workers with a bachelor's degree:** Wage gaps explained by differences in industry and occupation, relative to non-Hispanic White men



Note: The values represent the percent wage difference with non-Hispanic White men.

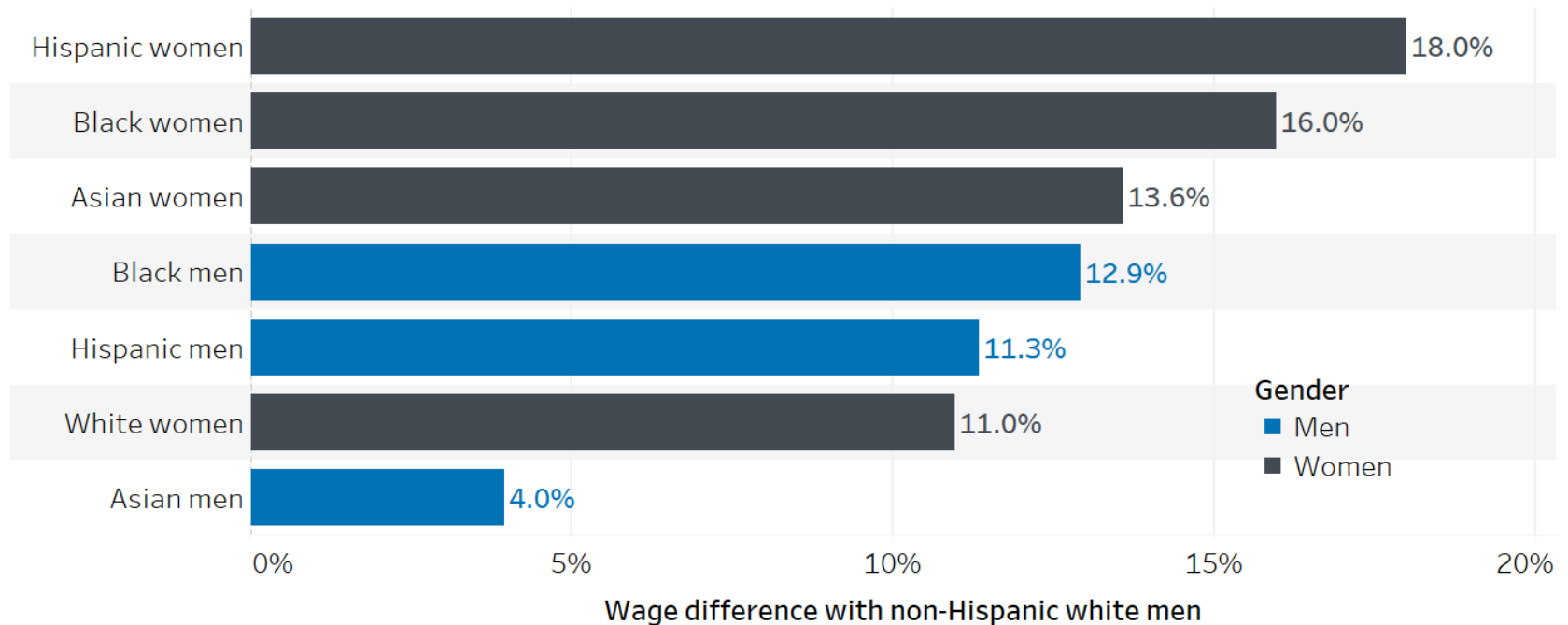
Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota





# However, occupation and industry segmentation does not fully explain the gaps

**Full-time wage workers with a bachelor's degree:** Remaining wage gaps relative to non-Hispanic White men, after accounting for differences in demographic, educational, geographical, industry, and occupational characteristics, 2017-19 average

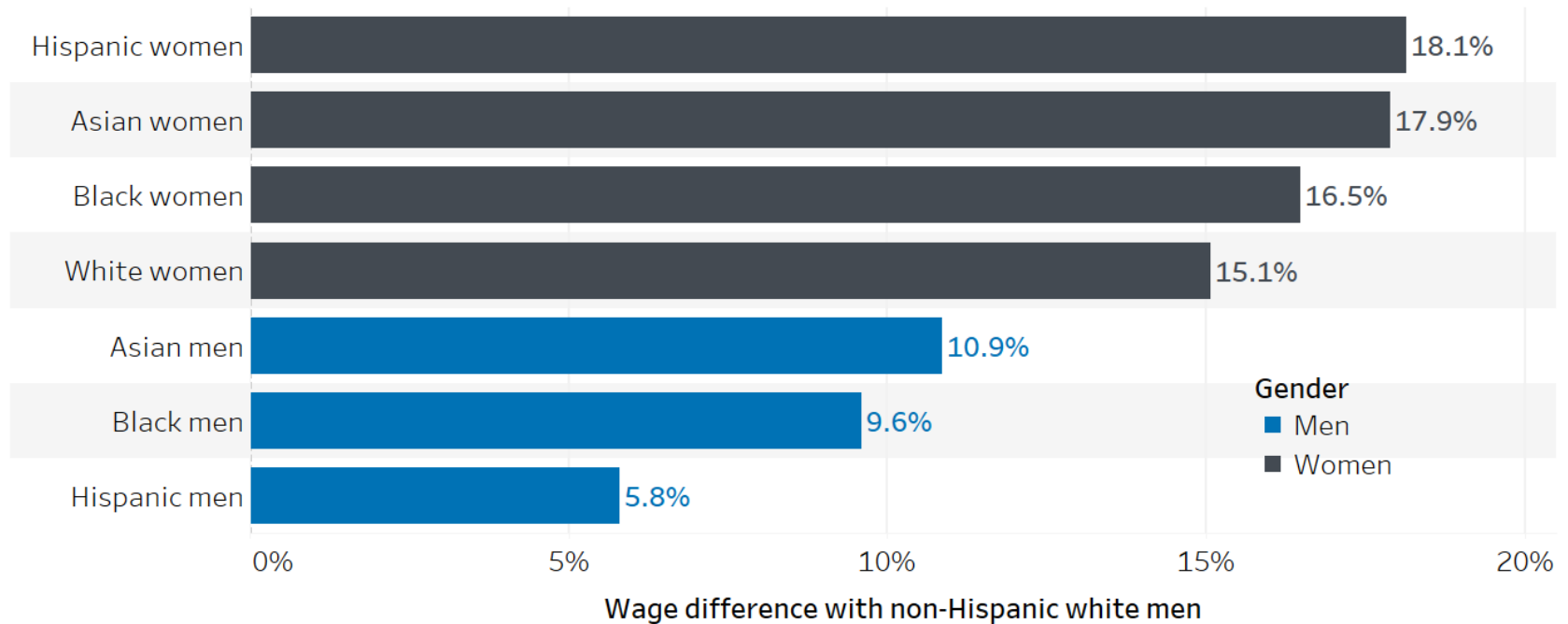


Note: The values represent the percent wage difference with non-Hispanic White men.  
Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota



# For workers without a BA, wage gaps are especially large among women

**Full-time wage workers without a bachelor's degree:** Remaining wage gaps relative to non-Hispanic White men, after accounting for differences in demographic, educational, geographical, industry, and occupational characteristics, 2017-19 average



Note: The values represent the percent wage difference with non-Hispanic White men.  
Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota



# What can Organizations Do?

No silver bullet

Multi-pronged strategy and opportunities for action

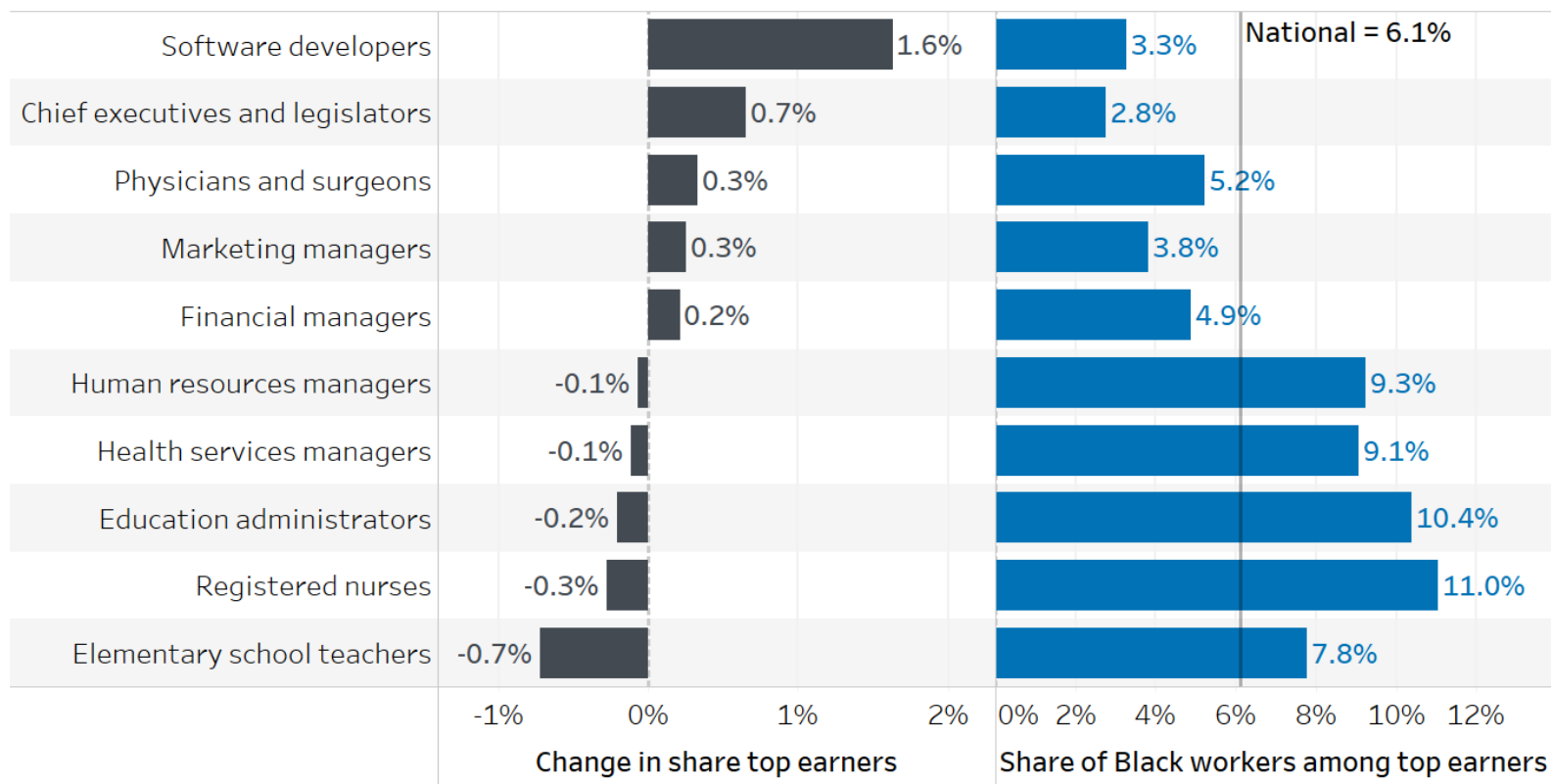
- Diverse representation and metrics
- Advancement and talent mobility
- Organizational culture/s
- Community partnerships



# The Widening Racial Wage Gap

# Occupations with highest numbers of top earners have relatively small shares of top earners who are Black

The change in the share of top earners from 2011/12 to 2018/19 and the share of non-Hispanic Black top earners in 2015/19, by occupation



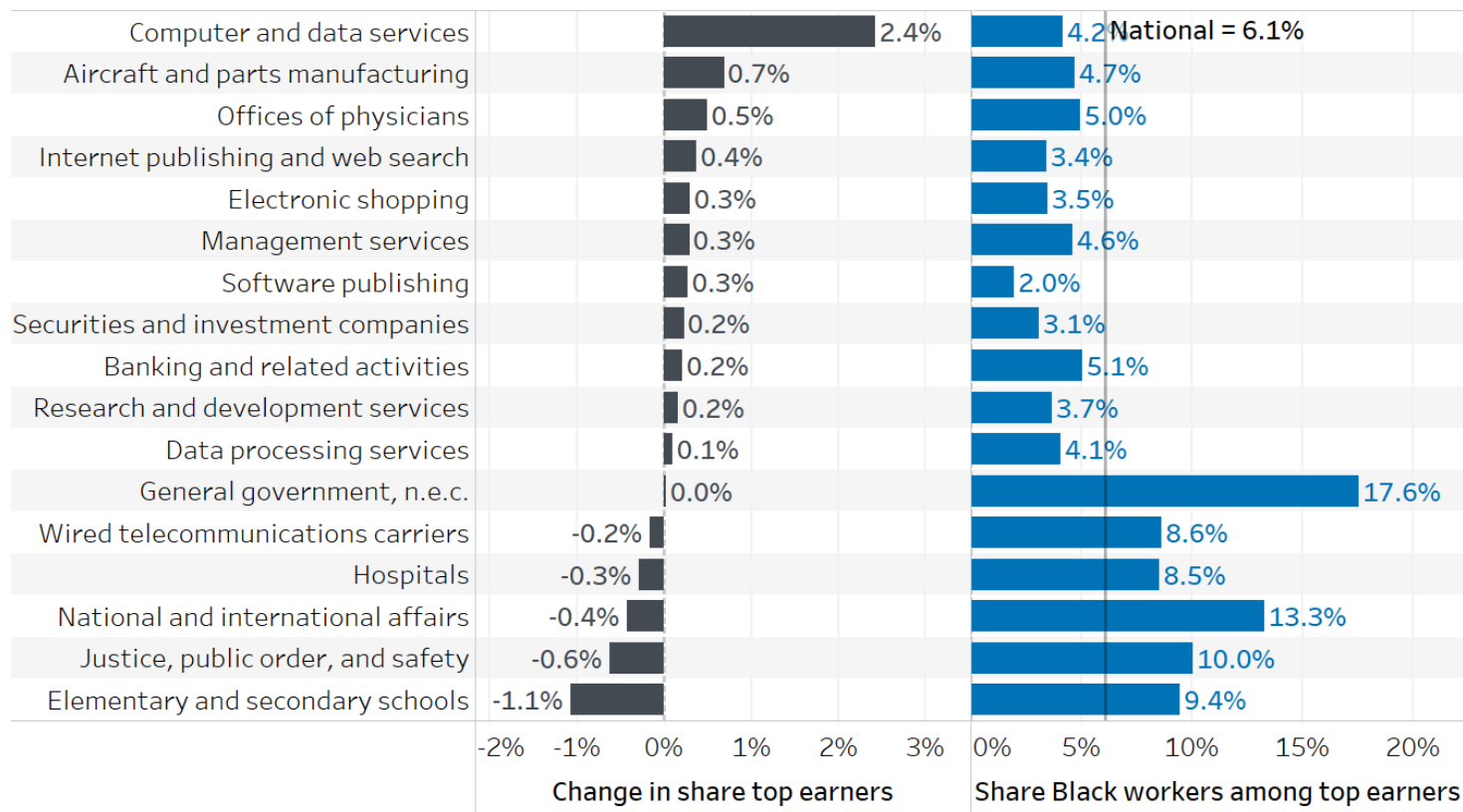
Note: Top earners are defined as those earning in the highest 20th percentile of the full-time wage working population. The share of non-Hispanic Black in each occupation represents their share in the occupation's top earners.

Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota



# Industries with highest numbers of top earners have relatively small shares of top earners who are Black

The change in the share of top earners from 2011/12 to 2018/19 and the share of non-Hispanic Black top earners in 2015/19, by industry



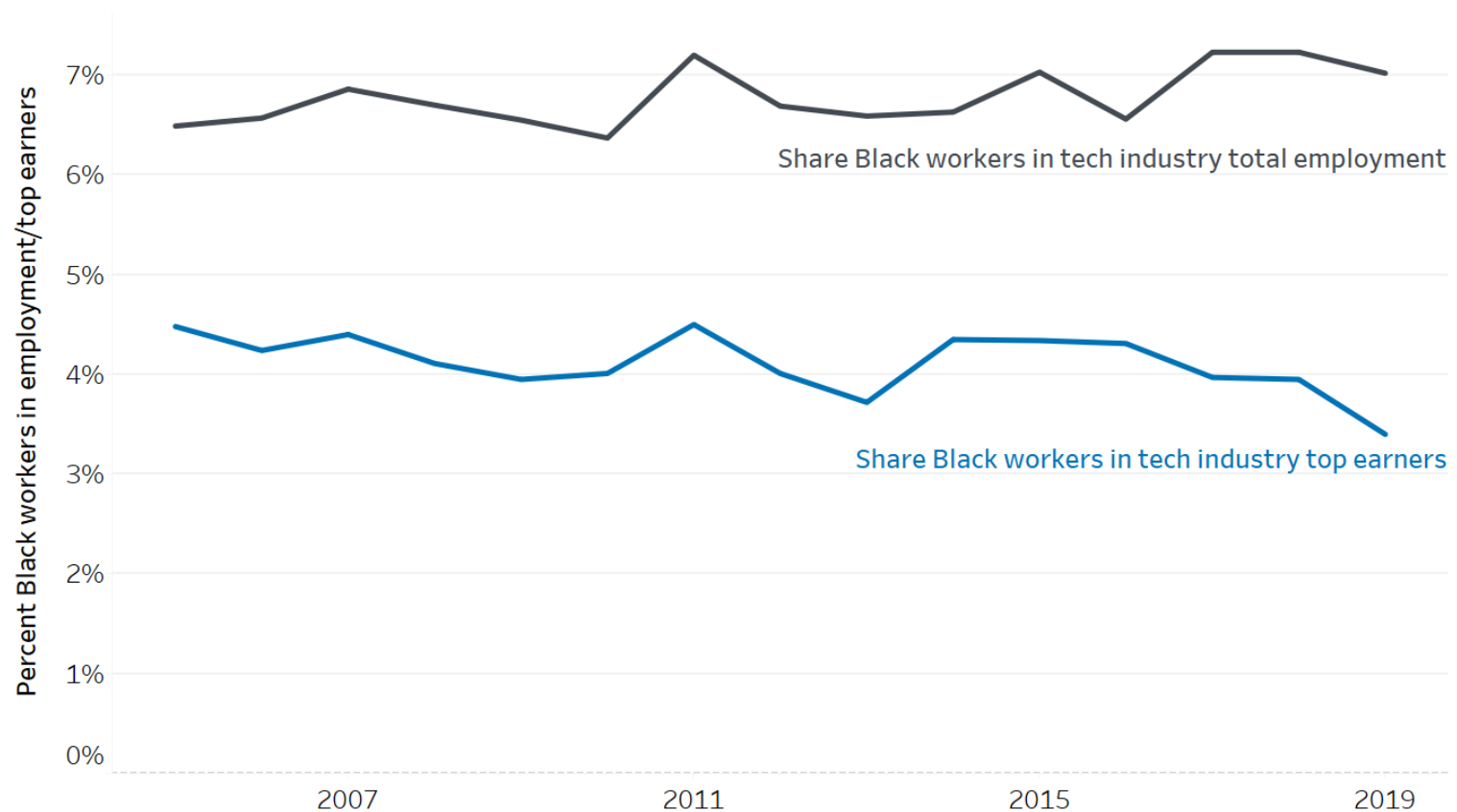
Note: Top earners are defined as those earning in the highest 20th percentile of the full-time wage working population. The share of non-Hispanic Black in each industry represents their share in the industry's top earners.

Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota



# The share of Black workers in the tech sector is slowly growing, but not among the industry's top earners

The percent of Black workers in total employment and among top earners



Note 1: Top earners are defined as those earning in the highest 20th percentile of the full-time wage working population.

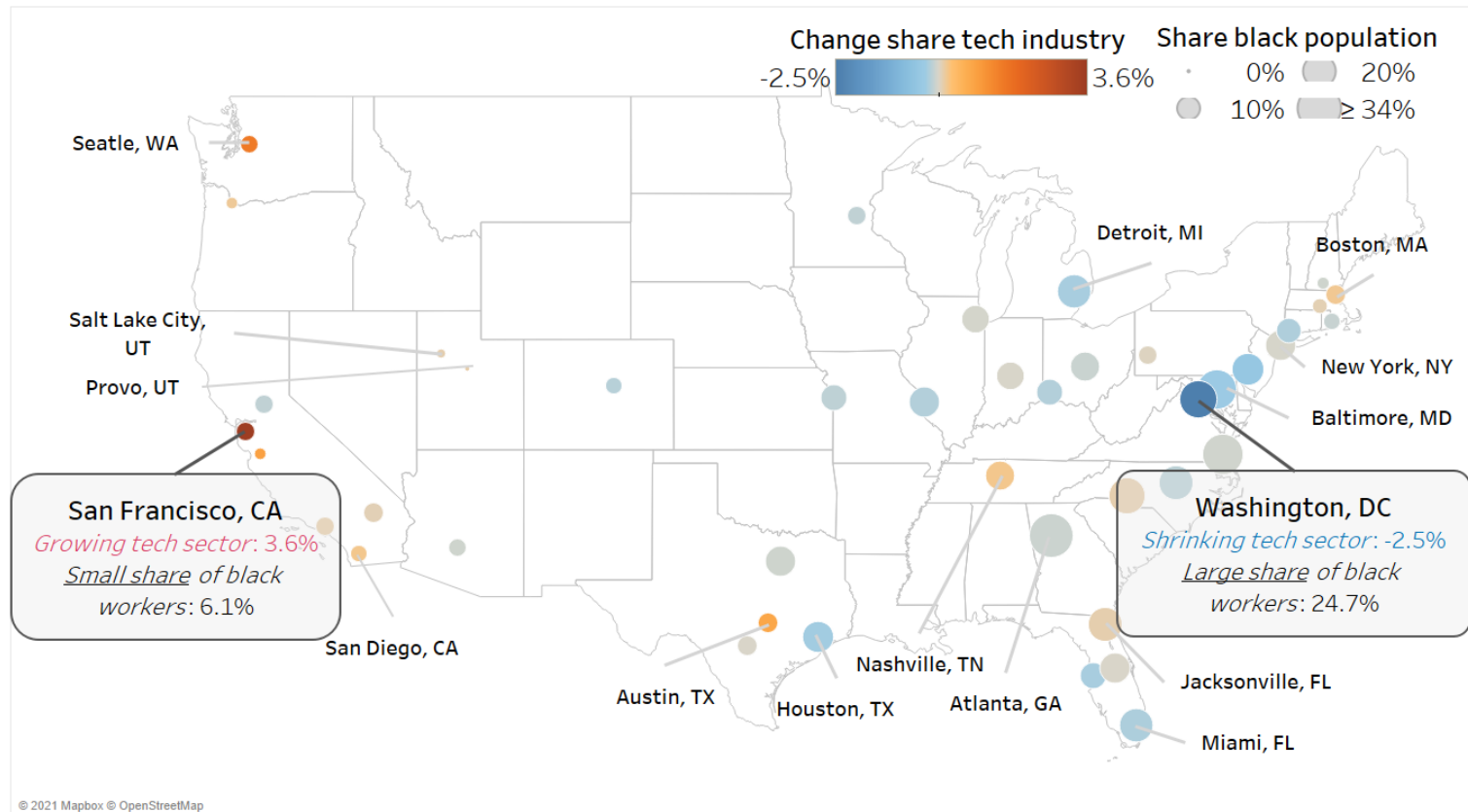
Note 2: The tech industry consists of the following industries: Software publishing, computer systems design and related services, data processing services, internet publishing and web search portals, and electronic shopping.

Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota



# Metro areas with strong growth in tech jobs have a small share of Black residents

Change in share high earning tech jobs in selected metro areas between 2011-12 and 2018-19 (bubble color in map) and the share of Black workers in 2015-19 (bubble size in map)



Note: The tech industry consists of the following industries: Software publishing, computer systems design and related services, data processing services, internet publishing and web search portals, and electronic shopping.

Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota







# Wage Gaps by Race/Ethnicity and Gender

## Opportunities for Change

## Poll Question 2

Has your organization conducted a pay-audit by race/ethnicity and gender to address potential disparities over the last year?

1. Yes, both by race/ethnicity and gender
2. Yes, by gender only
3. Yes, by race/ethnicity only
4. No, but planning to
5. No, but we have in the past
6. No, not planning to
7. I don't know





# POLL QUESTION 2 RESULTS

# What can Organizations Do?

Recommendations and opportunities for action

Multi-pronged strategy

- Diverse representation and metrics
- Advancement and talent mobility
- Organizational culture/s
- Community partnerships



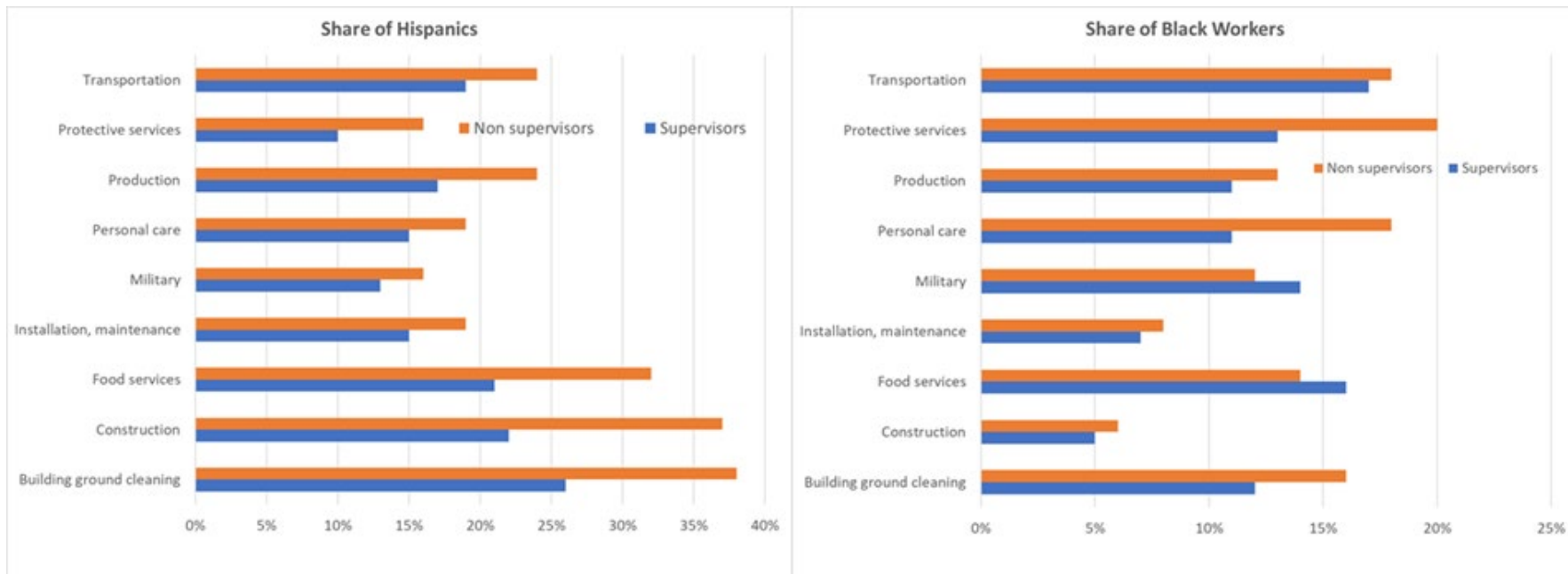
# Recommendations and opportunities for action

## Diverse representation and metrics

- Pay disparities can remain hidden without proper analyses
- Identify the right demographics for your organization/industry, diversity data and level, examples include:
  - Representation in specific roles, functions, and leadership level and by pay grade
  - Pay variations within the same level, job, and function;
  - Hiring, retention, and attrition;
  - Talent mobility and advancement
- Look at change over time



# The share of Black and Hispanic workers in supervisory roles is lower than in non-supervisory roles



Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota



## Recommendations and opportunities for action

### **Reduce segmentation through diversity, equity, and inclusion (DEI) efforts.**

- DEI practices around hiring and advancement/succession planning can help mitigate internal pay gaps. Examples of specific strategies
  - ✓ Initiatives to increase diverse representation in high-paid roles and functions (e.g., P&L)
  - ✓ Processes to increase pay transparency in hiring and promotions; setting consistent salary ranges and standardized
  - ✓ Flexible and remote/satellite office to broaden the pool of candidates
  - ✓ Ensuring equal access to advancement opportunities and assignments



## Recommendations and opportunities for action

### **Invest in community and educational partnerships**

- Community alliances strengthen the company brand and connection to the community, while also building its future pipeline. Examples include
  - Working with K-12, College and University programs to promote early interest and access to careers where women and Black/Hispanic workers are underrepresented;
  - Supporting policy and legislation to improve access to higher education and career opportunities;
  - Working with non-profit and communities partners to help tackle societal issues that “feed” pay disparities such as poverty.





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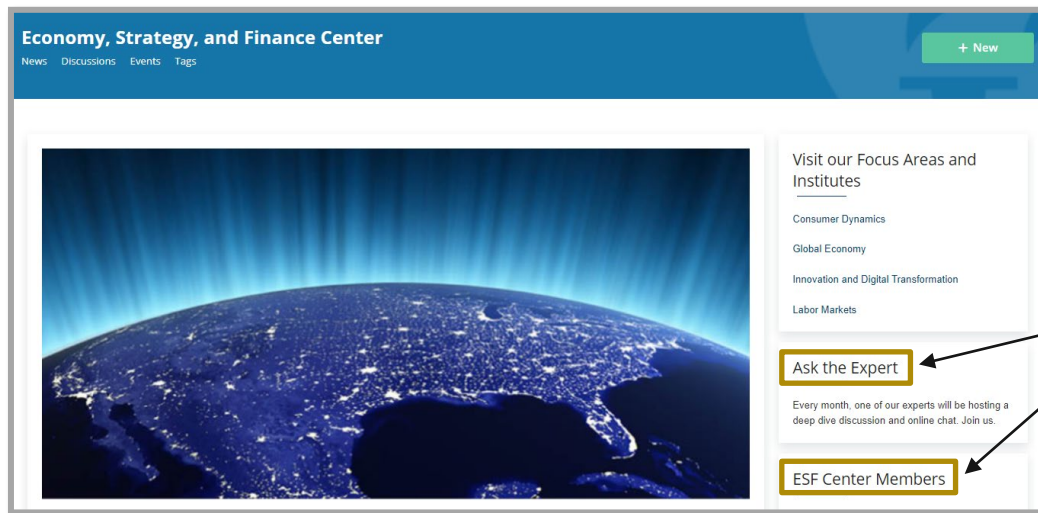
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