

Mind the Gap

Factors Driving the Growing Racial Wage Gaps and Solutions to Close Them



Executive Summary

Despite efforts to reduce them, wage gaps between White and Black workers in the US¹ are large and have been increasing over the past decade. Our research suggests there are powerful barriers to reducing these disparities and keeping them from becoming even larger: Black workers are severely underrepresented in industries, occupations, and locations where the fastest growth in high-paying jobs is taking place.

Many factors contribute to wage disparities, including geographical segregation and labor market segmentation, as well as different access to educational opportunities and to social and professional networks. In some instances, individual circumstances that lead people to select particular jobs or professions (e.g., family responsibilities, strong connections with their local communities, etc.) also become an element. In this report, we focus specifically on labor market segmentation and on the underrepresentation of women and Black workers in high-paying industries and jobs.

Our research reveals that after accounting for demographic, geographic, and educational differences, among workers with a bachelor's degree or higher, Black men earned 18 percent less than White men in 2010. By 2019, that gap had grown to 24 percent, largely due to increased underrepresentation of Black workers in high-paying industries and occupations.

Among workers with at least a bachelor's degree, as of 2019, Black workers are still underrepresented in high-paying occupations and industries, such as the tech sector, and overrepresented in relatively low-paying industries and jobs, such as counselors and social workers. Black workers with a bachelor's degree are also much more likely to work in jobs that do not require a college degree, such as drivers and security guards.

Compounding these trends, Black workers are especially underrepresented in occupations and industries that have experienced the highest growth in pay in recent years. The tech sector, for example, shows a remarkable increase in the number of top earners in the past decade. However, only 4 percent of top earners in this group are Black, compared to over 6 percent in other industries. Among top earners in software development, only 3.3 percent are Black.

Given that most of the fast-growing tech hubs are located in western cities with small Black populations—including San Francisco, Seattle, Austin, and San Jose—tech companies trying to recruit Black workers may face a unique challenge: the share of Black workers among top earners in the tech sector was just 2.3 percent in the Austin metro area, 2 percent in San Francisco, 1.6 percent in Seattle, and just 0.8 percent in San Jose.

Relocation is not always an option for candidates, and this limits organizations' ability to attract, recruit, and retain diverse talent. The high cost of living in many tech hubs is an important barrier. However, in metro areas with large Black populations, the share of Black tech workers tends to be much higher. For example, in Atlanta and Washington,

¹ For the purposes of this report, the designations "White" and "Black" always indicate "non-Hispanic."

DC, the share of Black workers among top earners in the tech sector is 12 percent and 13 percent, respectively.

Changing modes of production amid the pandemic pose a potential, though partial, solution: employers are more open to remote workers, meaning they can cast a wider net when recruiting talent, to help achieve diversity goals. In a recent survey, organizations report they are more willing to hire remote workers (87 percent of respondents compared to just 52 percent before the pandemic). And 25 percent of surveyed organizations are willing to hire 100 percent virtual employees anywhere in the US, 7 percent even globally, compared to a combined 5 percent before the pandemic.²

The issue of underrepresentation of Black workers in the tech sector is not new. Earlier in the decade, several high-profile tech companies publicly recognized the problem. Additionally, CEOs indicate they desire to do more to diversify their ranks. According to the *C-Suite Challenge™ Survey* conducted by The Conference Board in late 2020, US CEOs believe recruiting a more diverse workforce and building a more inclusive culture are among the top human capital management issues for 2021. Acknowledging a problem is an important step toward solving it. In 2020, some leading tech companies made public commitments to significantly raise diverse representation, including their share of Black workers.³

By opening up more roles for remote work across the US, including for high-paying and executive positions, tech companies have an opportunity to better diversify their workforces and help narrow the wage gap between Black and White workers.

These will be good first steps, but there is a long way to go. Hence, it will be critical for CEOs to remain focused on racial wage gaps as a priority to help close these gaps in the near future.

Insights for what's ahead

By the time people enter the labor market, their likelihood of having a high-paying career is already informed by large gaps in educational and other opportunities that disproportionately disadvantage Black workers. Organizations across industries can reduce wage disparities and underrepresentation in high-paying jobs and tackle the many barriers that contribute to these disparities. A multipronged approach that addresses wage gaps internally, as well as supports progress toward pay equity in society at large, may include efforts such as:

- 1 Monitoring diversity, equity & inclusion (DEI) metrics consistently throughout the organization to identify gaps and opportunities;

2 Frank Steemers, Robin Erickson, Gad Levanon, and Rebecca L. Ray, "[The Reimagined Workplace a Year Later: Human Capital Responses to the COVID-19 Pandemic](#)," The Conference Board, May 2021.

3 Sundar Pichai, "[Our Commitments to Racial Equity](#)," Google, June 17, 2020; Sheryl Sandberg, "[Supporting Black and Diverse Communities](#)," Facebook, June 18, 2020.

- 2 Increasing diversity of underrepresented groups: the new willingness to work flexibly and hire remote workers could help employers located in areas with small Black populations hire Black workers anywhere in the US, and adjusting the geography of recruitment to target Black workers can make a difference;
- 3 Increasing diversity by opening operations in cities with high shares of Black talent;⁴
- 4 Expanding recruiting channels: companies can search for talent at Historically Black Colleges and Universities, or partner with affinity groups on campuses to create pipelines, rather than relying on a select group of elite universities;
- 5 Identifying and addressing barriers to talent mobility or advancement to senior leadership and higher-paid roles within the organization; and
- 6 Investing in community and educational partnerships and alliances that bridge opportunity gaps.

Pay equity and fair compensation and hiring practices benefit organizations by strengthening economic and business outcomes⁵ and aligning with investor, customer, and other stakeholder expectations. In addition, many organizations are now considering efforts to increase pay transparency and address potential pay inequities as a way to improve their cultures, processes, and practices.⁶ Deploying these strategies can help companies contribute to reducing racial wage gaps.

4 Te-Ping Chen, [“The New Push for Corporate Diversity Comes With an Atlanta Address,”](#) Wall Street Journal, March 20, 2021.

5 Lorraine Hariton, [“Employers: Fix the Pay Gap, or You’ll Be Left Behind,”](#) Catalyst, April 1, 2019.

6 Aman Kidwai, [“3 Employers Share Their Approaches to Pay Transparency,”](#) HR Dive, March 18, 2020; Equal Pay Portal (UK), [“Gender Pay Gap Reporting,”](#) July 30, 2019.

Understanding Wage Gaps

Racial wage gaps appear to persist and even grow after accounting for education, geography, demographics, industry, and occupation

One major factor contributing to the large wage gaps across all racial and ethnic groups in the US is differences in educational attainment and opportunities. On average, having a college degree can lead to higher-paid occupations, and Black workers are less likely to have completed a bachelor's degree than White workers.

In addition, racial wage gaps appear to persist even among workers with similar levels of education. On average, Black workers with similar levels of education as White workers tend to work in lower-paying occupations and industries; this tendency is an important determinant of racial pay gaps in the US. Despite heightened awareness of wage disparities and efforts to address them, racial pay gaps across occupations are not shrinking; instead, these gaps have expanded over the past decade.

Even accounting for educational, demographic, and geographic differences, there are large and growing pay gaps, especially for workers with at least a bachelor's degree.⁷

About the charts in this report

Chapter 1: Understanding wage gaps

- Using an econometric model, Charts 1 and 2 show the difference in pay of Black men, Black women, or White women compared to White men.*
- The analysis looks at full-time wage workers only. Chart 1 shows wage gaps among workers without a bachelor's degree; Chart 2 shows wage gaps among workers with at least a bachelor's degree.
- The estimation results should be interpreted as if there were no differences in educational attainment, demographics (other than gender and race), or geographic factors across the groups. For example, a wage difference of 20 percent for Black men would indicate that after taking into account pay differences as a result of educational attainment, demographics such as age, and geographic factors, White men still earn 20 percent more than Black men.
- While Charts 1 and 2 highlight the unexplained racial and gender wage gaps after comparing individuals with the same demographic and educational characteristics, Charts 3 and 4 focus on the portion of the wage gap that is a result of Black men, Black women, and White women being underrepresented in high-paying

⁷ Due to data unavailability, the analysis does not measure intracompany wage gaps within the same job type, which are likely to be smaller.

industries and occupations. Chart 3 shows this wage gap among workers without a bachelor’s degree; Chart 4 shows this wage gap among workers with at least a bachelor’s degree.

Chapter 2: Why have wage gaps between White and Black workers increased?

- In the charts in this section there is a focus on the tech industry (defined as software publishing, computer systems design and related services, data processing services, internet publishing and web search portals, and electronic shopping) and the share of top earners (i.e., the top 20 percent of the wage distribution). The focus is on the difference between White and Black full-time wage workers and does not further differentiate by gender, unlike Charts 1 through 4.

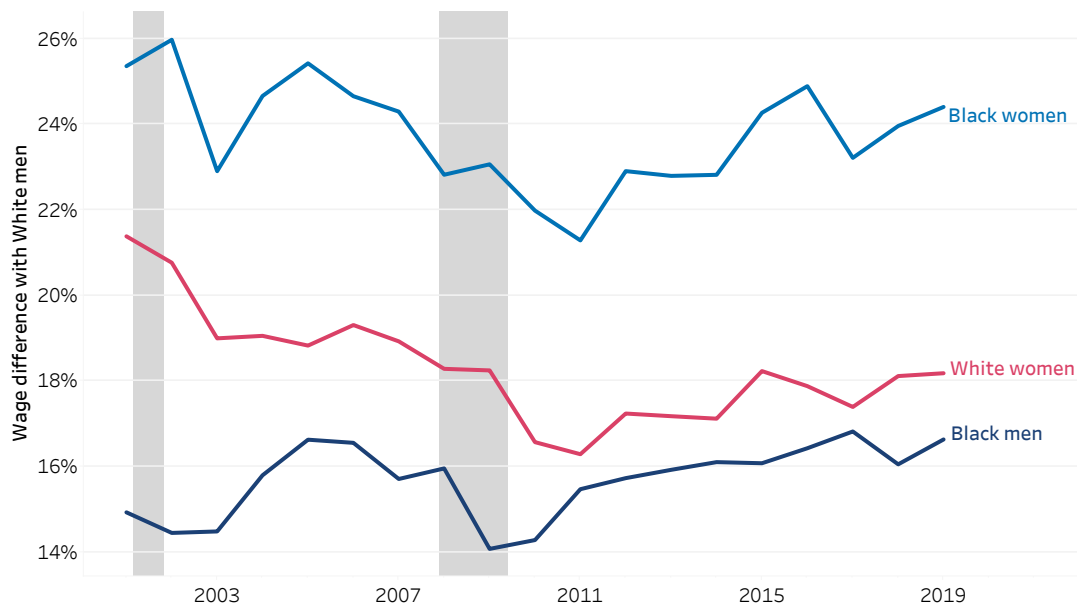
*Note: Based on the data set used for our analyses, for the purpose of this report, the designations “White” and “Black” always indicate “non-Hispanic.”

Chart 1 shows the estimated pay gaps for workers without a bachelor’s degree. Overall, these pay disparities versus White men are smaller compared with the gaps estimated for workers with a bachelor’s degree, especially for women. For most groups, the estimated gaps have been rising in the past decade, but a little more slowly than for workers with a bachelor’s degree.

Chart 1

Among workers *without* a BA, when comparing workers with similar demographics, geography, and education, large racial and gender wage gaps remain and even increase over time

Wage gaps among full-time wage workers *without* a bachelor’s degree, controlling for differences in demographics, geography, and education; White men are the comparison group in our analysis

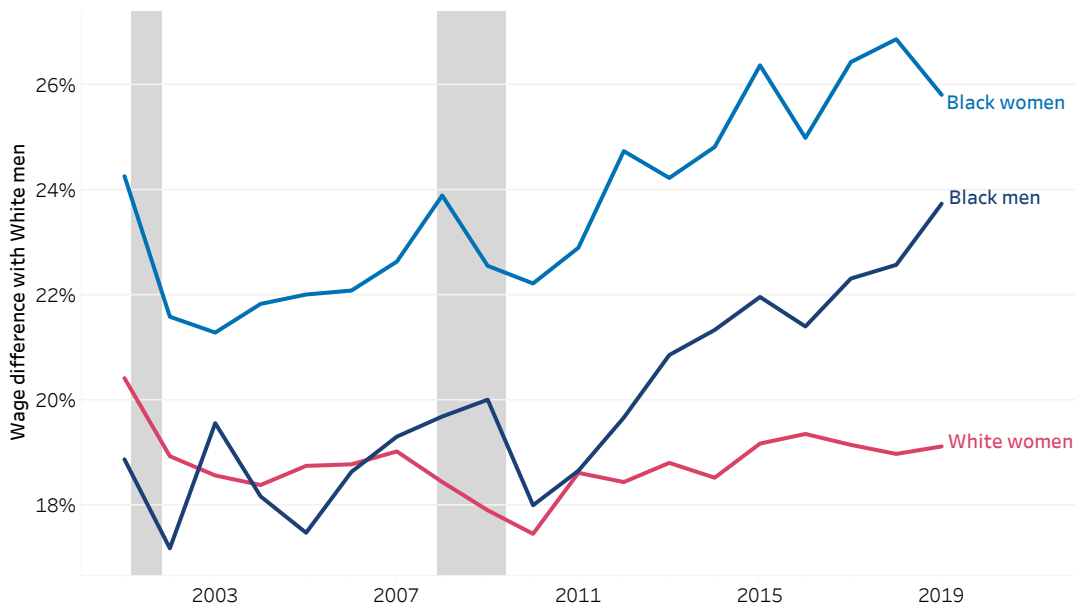


Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota

Chart 2 demonstrates the estimated wage gap for workers who have at least a bachelor’s degree. For Black workers, the gap with White men is above 20 percent and growing. The chart also shows that while among White workers, the gender gap was about 19 percent, among Black workers it was just 2 percent in 2019.

Chart 2
Among workers with a BA, racial and gender wage gaps are large and increase over time

Wage gaps among full-time wage workers with at least a bachelor’s degree, controlling for differences in demographics, geography, and education; White men are the comparison group in our analysis



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

Underrepresentation of women and Black men in high-paying industries and occupations is a strong contributor to wage disparities

As shown in Charts 3 and 4, wage gaps that are a result of underrepresentation in high-paying industries and occupations have grown over the past decade.

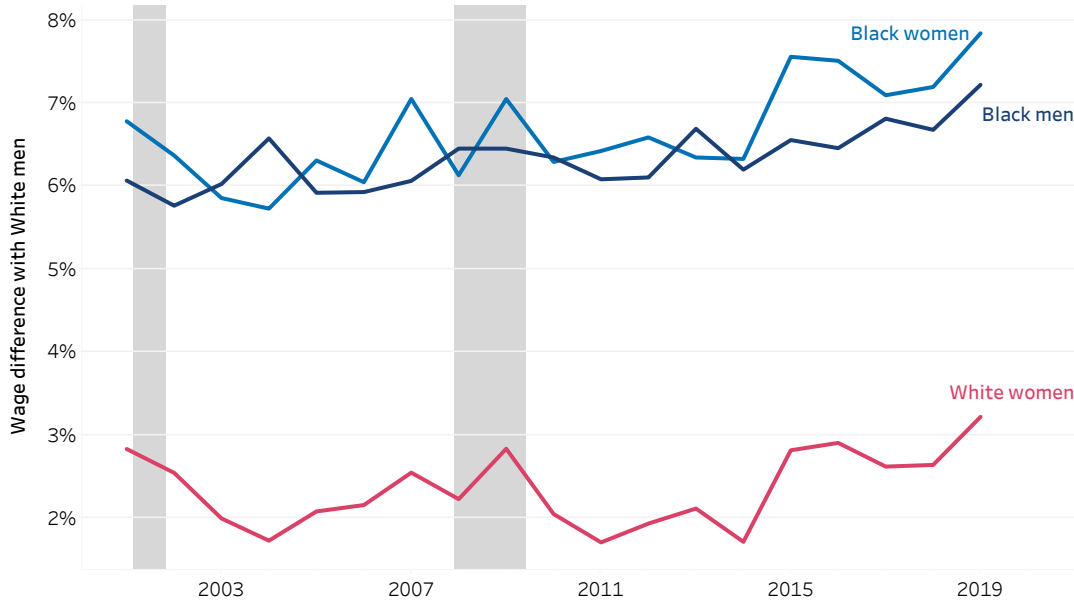
Chart 3 shows just the estimated wage gaps among workers without a bachelor’s degree. The chart shows that women and Black men are less likely than White men to work in high-paying industries and occupations; this feature is responsible for more than 7 percentage points of the overall wage gap in 2019.

Overall, the gaps due to underrepresentation in this chart are smaller compared with the gaps estimated for workers with at least a bachelor’s degree. For most groups, the estimated gaps have widened over the past decade, but more slowly than for workers with a bachelor’s degree or higher.

Chart 3

Among workers without a BA, wage gaps linked to underrepresentation in high-paying industries and occupations are smaller than for college graduates

Wage gaps among full-time wage workers without a bachelor's degree that are a result of representation of workers in different occupations and industries; White men are the comparison group in our analysis.



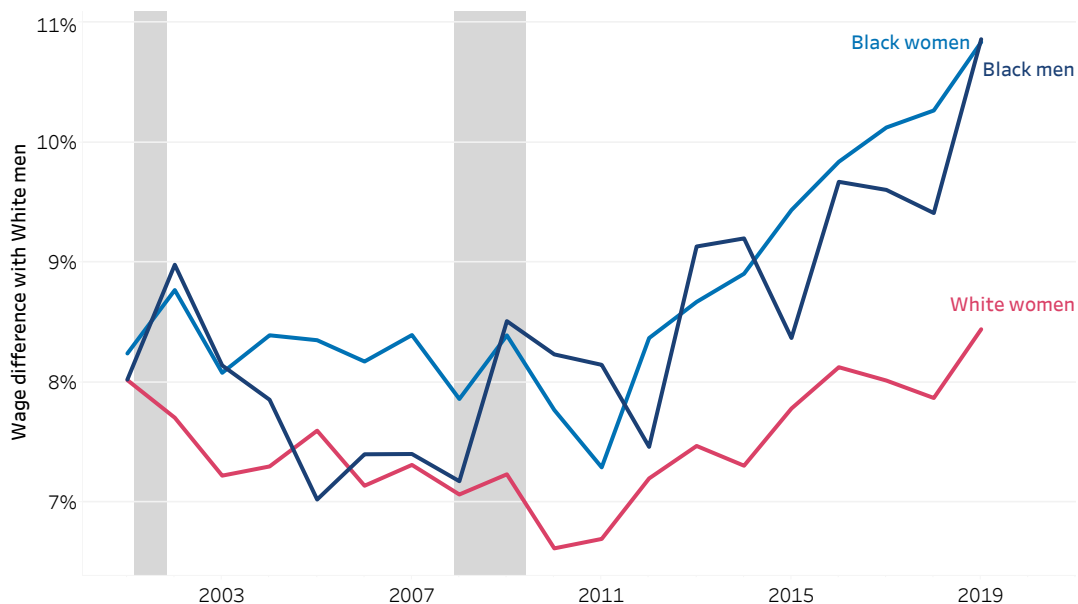
Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota

Chart 4 shows that, as it has for people without a bachelor's degree, the wage gap due to underrepresentation for people with a degree has widened over the past decade. The growth is especially evident among Black workers. Interestingly, there is essentially no difference between Black men and Black women in underrepresentation relative to White men.

Chart 4

Among workers with a BA, wage gaps linked to underrepresentation in high-paying industries and occupations are even larger and rapidly growing

Wage gaps among full-time wage workers with at least a bachelor's degree that are a result of representation of workers in different occupations and industries; White men are the comparison group in our analysis.



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

Why Have Wage Gaps Between Black and White Workers Increased?

Black workers are especially underrepresented in occupations and industries that show the largest increase in top earners in the last 10 years (Charts 5 and 6). For example, among software developers and chief executives—the two occupations with the largest gains among the top 20 percent of earners—Black workers only constitute 3.3 and 2.8 percent, respectively. Among top earners in marketing and financial management, Black workers represent 3.8 and 4.9 percent, respectively.

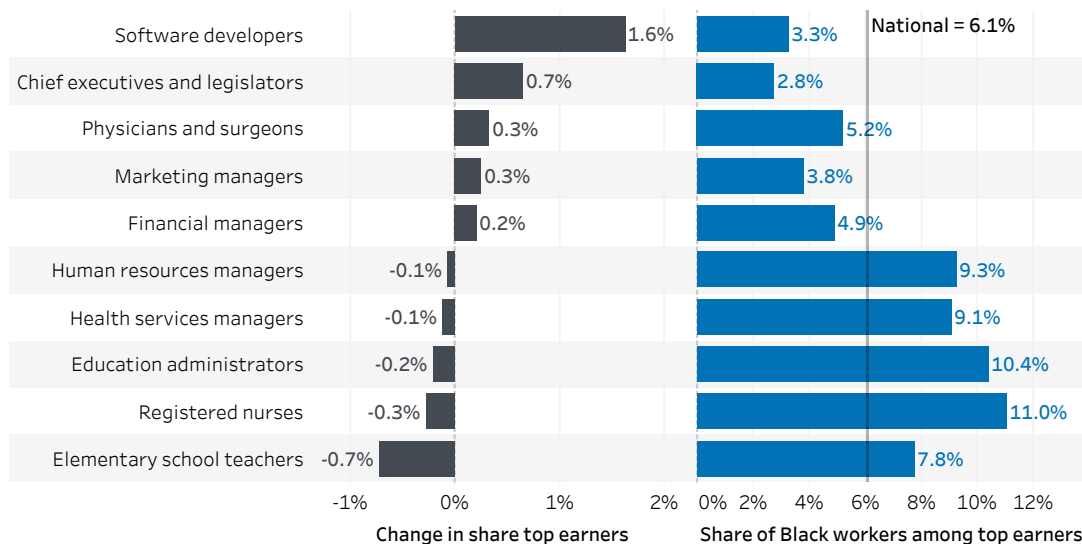
Especially notable is the underrepresentation of Black workers in the rapidly expanding tech sector. Tech jobs include those in software publishing, computer systems design and related services, data processing services, internet publishing and web search portals, and electronic shopping. In these industries, the representation of Black workers among top earners is low, in the 2-4 percent range. The tech sector is likely to continue to rapidly grow in the coming years and may aggravate these gaps even further.

Meanwhile, some industries and occupations with a large concentration of Black workers among top earners—government, health, and education—are shrinking. Due to the shift toward outpatient health services, the health sector has seen strong growth in offices and clinics in recent years, but a decline in hospitals, where higher-wage Black workers predominate (Chart 5).

Chart 5

Occupations with a growing number of top earners have a relatively small share of Black top earners

The change in top earners from 2011–12 to 2018–19 and representation of Black workers among top earners for 2015–19, for selected occupations

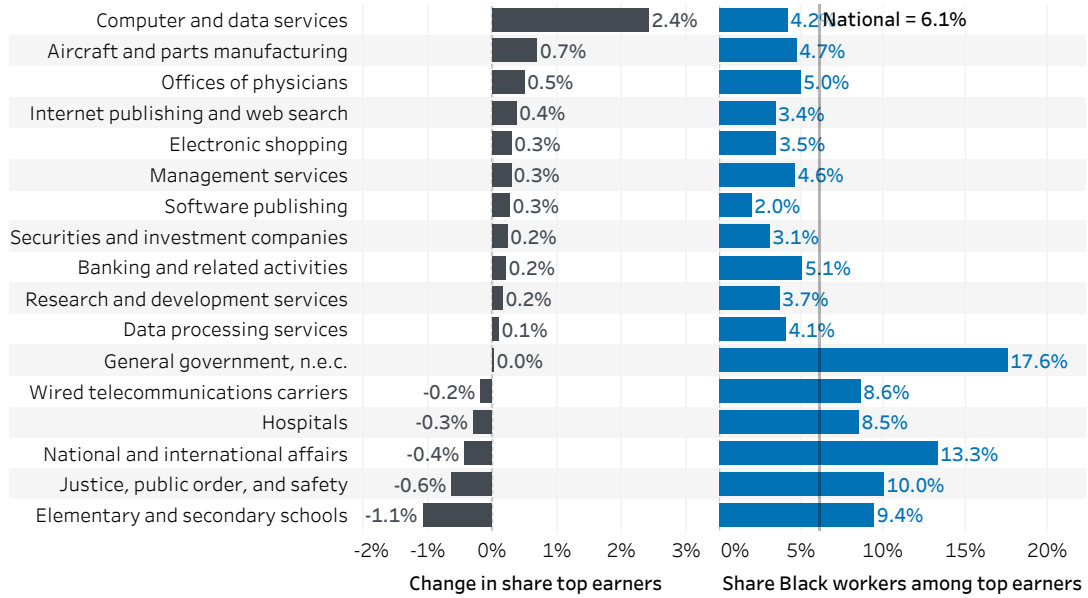


Note: Top earners are defined as those earning in the highest 20th percentile of the full-time wage working population.
Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota

Chart 6

The industries with a growing number of top earners have a relatively small share of Black top earners

The change in the share of top earners from 2011–12 to 2018–19 and representation of Black workers among top earners for 2015–19, for selected industries



Note: Top earners are defined as those earning in the highest 20th percentile of the full-time wage working population.
 Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota

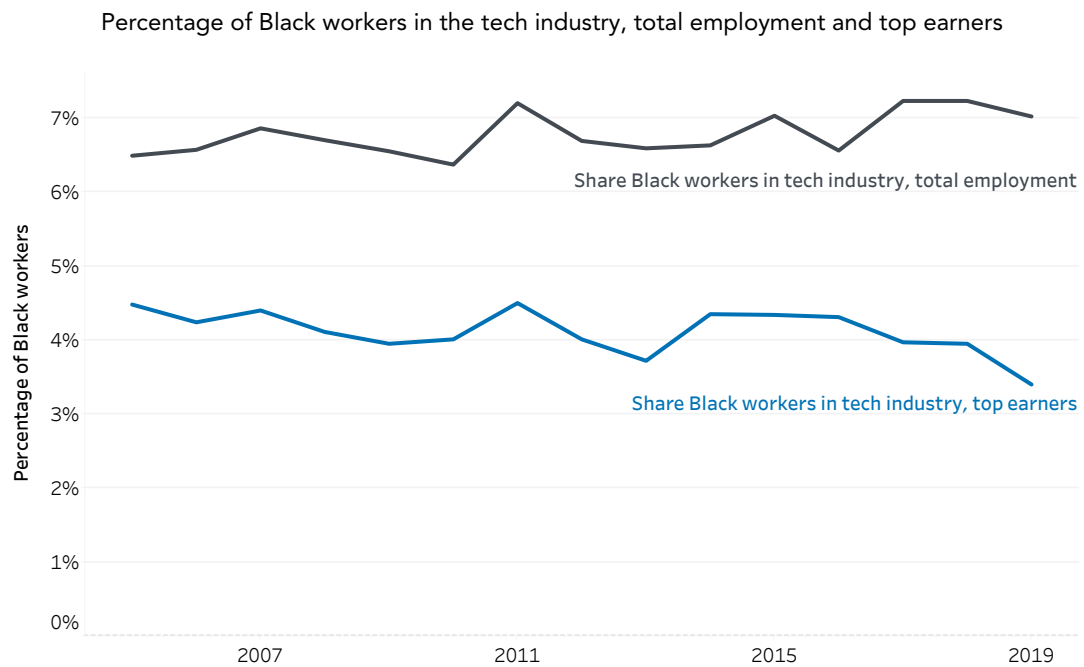
Underrepresentation in the tech industry

Our analysis suggests that one important contributor to growing wage gaps by race is the underrepresentation of Black workers in the fast-growing tech sector. The issue is not new. In 2014, several large [tech companies](#) began publishing annual diversity reports and made it a public goal to increase diversity in their workforces.

Representation of Black workers among top earners in the tech industry has actually been declining in recent years (Chart 7), while their share among total employment has remained roughly flat due to outsized hiring of transportation and warehousing workers in electronic shopping companies. Geographic mismatch is one factor that seems to influence the stagnation in the representation of Black workers in the tech industry.

Chart 7

Black workers' representation in the tech industry seems to be growing slowly, but not among top tech earners



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

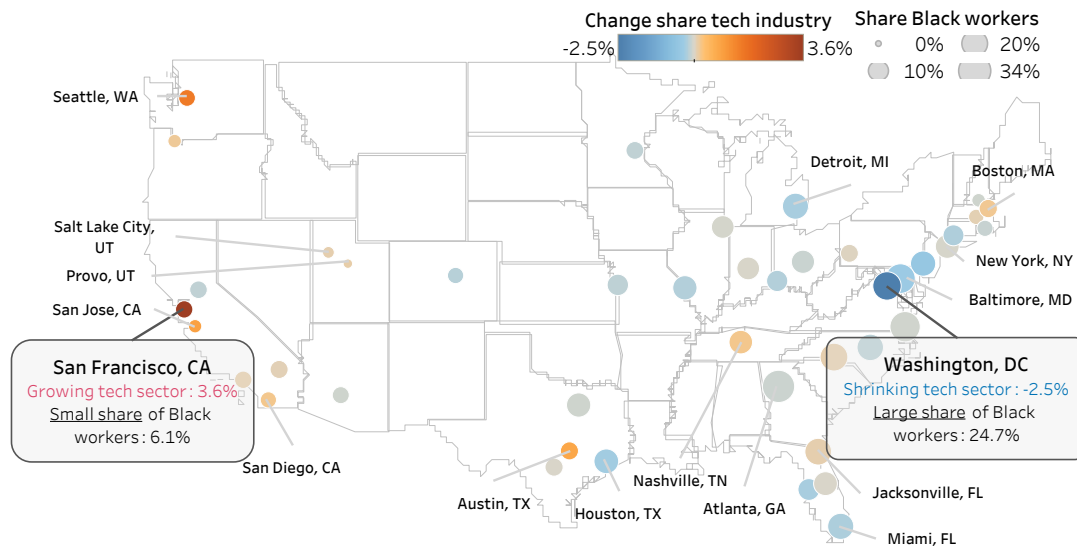
Geography partly contributes to the low representation of Black workers in the tech sector

High-paying tech jobs are concentrated in regions with small percentages of Black workers. Our analysis reveals that the largest increase in the total number of top earners comes from the tech sector, where hubs are typically concentrated in metro areas with few Black workers (see Chart 8). Most of the overall increase in high-wage tech jobs is in San Francisco, Seattle, Austin, and San Jose. Almost all of the metro areas with a growing share of tech jobs are in the western part of the country, and in most of them, the share of Black workers among top earners is 2 percent or less. When looking at other underrepresented groups in this sector, such as women and Hispanic workers, geography doesn't appear to be as clear of a contributor.

At the same time, most of the metro areas that experienced a decline in the share of top earners in the tech industry were those with larger proportions of Black workers, including Washington, DC; Philadelphia; Baltimore; New York; Houston; and Detroit. The geographic concentration of the tech industry in less ethnically diverse locations may be a barrier to having Black workers enter high-paying jobs in the industry. This may change as employers are more willing to hire remote and dispersed workers. Still, additional steps are likely needed to address other barriers to hiring and retaining underrepresented groups in high-paying jobs. We discuss such strategies in greater detail below.

Chart 8
Metro areas with strong growth in tech jobs have a small share of Black workers

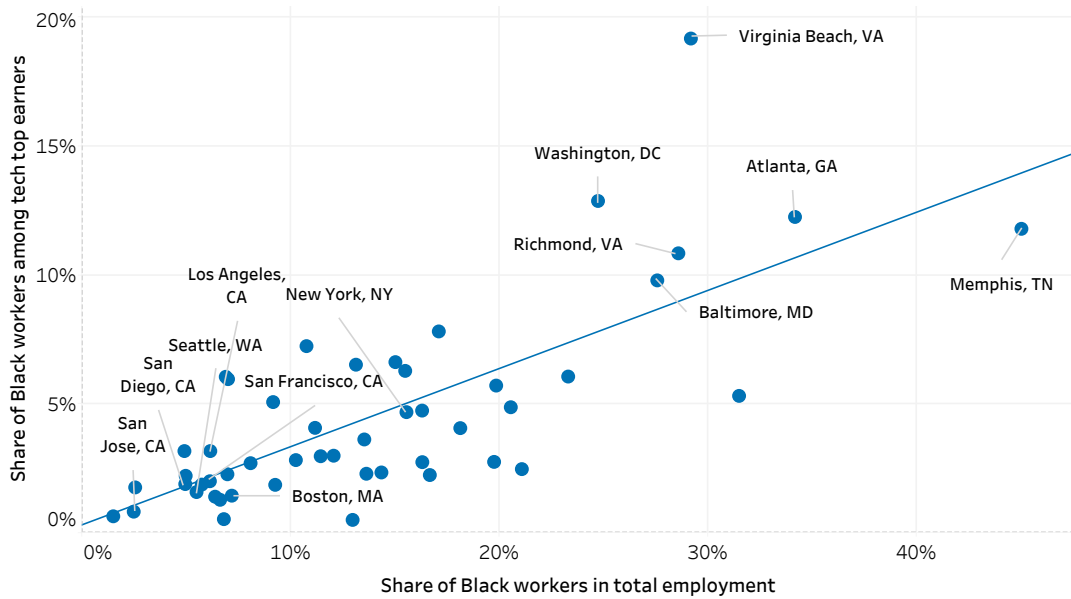
Change in share of high-earning tech jobs in selected metro areas, 2011–12 and 2018–19 (bubble color in map) and share of Black workers, 2015–19 average (bubble size in map)



Notes: Top earners are defined as those earning in the highest 20th percentile of the full-time wage working population; 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; metro area names are shortened for space considerations and based on the US government's [metropolitan statistical areas](#). Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota

Chart 9 shows a very high correlation across metro areas between the population share of Black workers and their share among top earners in the tech sector. Metro areas with a small Black population, like San Francisco, San Jose, Seattle and Austin, are unlikely to have a large share of Black top earners in the tech industry. The chart suggests that companies may need to operate or create satellite offices in areas with large Black populations in order to employ a high share of Black workers in their high-paying jobs.

Chart 9
Metro areas with larger Black populations have more tech top earners
 Share of Black workers among tech top earners and in total employment, by metro area, 2015–2019 average



Notes: Top earners are defined as those earning in the highest 20th percentile of the full-time wage working population; 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; metro area names are shortened for space considerations and based on the US government’s [metropolitan statistical areas](#).
 Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota

However, in metro areas with large Black populations, the share of Black tech workers tends to be much higher. For example, in Atlanta and Washington, DC—two metro areas with large Black populations—the share of Black workers among top earners in the tech sector was 12 percent and 13 percent, respectively, and in the Virginia Beach–Norfolk metro area it was almost 20 percent.

The shift to remote work could help companies diversify their workforces

Our analysis suggests that the geographical mismatch between the location of Black workers and the location of the expanding tech sector is an important cause of the growing White-Black racial wage gap in the US. The tech industry is all but certain to rapidly expand in the coming decade, and it is very likely to expand more rapidly in areas where the share of the Black population is small. How might this mismatch be resolved?

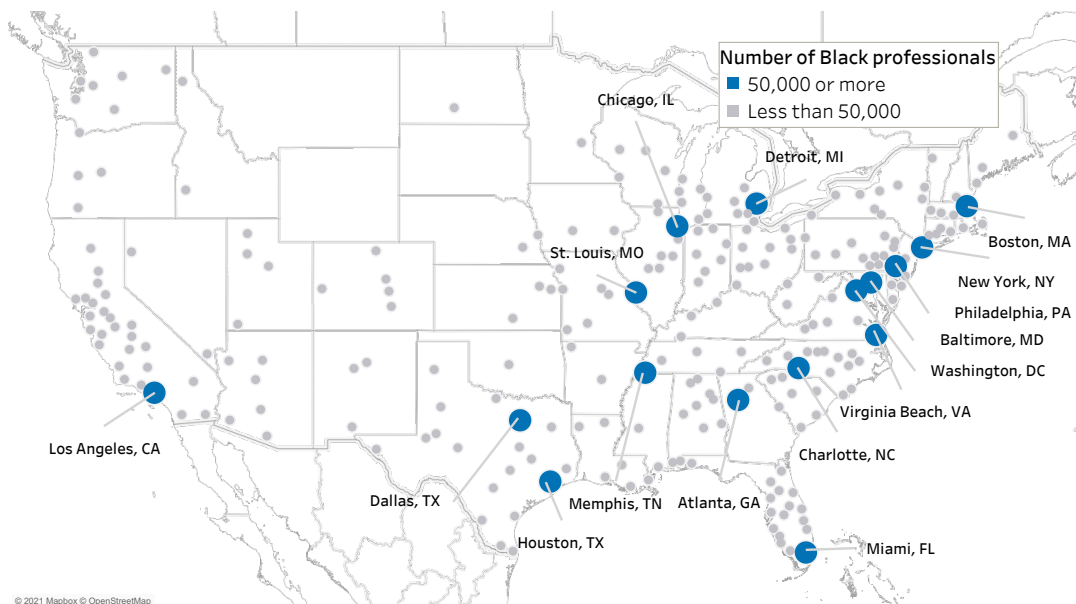
Changing modes of production amid the pandemic pose a potential solution: employers are more open to remote workers, meaning they can cast a wider net when recruiting. In a [recent survey](#) by The Conference Board, organizations report they are more willing to hire remote workers now than before the pandemic, and considerably more would now consider hiring 100 percent virtual employees anywhere in the US or globally. The new willingness of firms to hire remote workers could help employers located in areas with small Black populations to recruit and retain Black workers anywhere in the US. As evidence from Washington, DC, and Atlanta shows, these workers exist. Adjusting the geography of recruitment to target Black workers can make a difference.

Another potential solution is to open offices in areas with higher numbers of Black workers. Some companies have already been doing this.⁸ For example, Chart 10 shows where large pools of Black management and professional workers are located.

Chart 10

Most metro areas with a large concentration of Black management and professional workers are east of the Mississippi

Number of Black workers in management and professional occupations, 2015–2019 average



Note: Metro area names are shortened for space considerations and based on the US government's [metropolitan statistical areas](#).
Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota

8 WSJ, "The New Push for Corporate Diversity Comes With an Atlanta Address."

Addressing the geographical mismatch is just one strategy to reduce racial wage gaps. Pay equity and fair compensation practices benefit organizations by strengthening economic and business outcomes⁹ and aligning with investor, customer, and other stakeholder expectations. A recent study by The Conference Board found that now more than ever, stakeholders expect organizations to walk the talk when it comes to social issues, including pay disparities.¹⁰ In addition, many organizations are now implementing efforts to increase pay transparency and address potential pay inequities as a way to improve their cultures, processes, and practices.¹¹

9 Catalyst, "Employers: Fix the Pay Gap."

10 Amanda Popiela, Robin Erickson, and Rebecca L. Ray, "[Even Higher Expectations in a Post-2020 World: How Organizations Engage With Social Change](#)," The Conference Board, December 2020.

11 Catalyst, "[Women's Earnings – The Pay Gap: Quick Take](#)," March 23, 2021; Amii Barnard-Bahn, "[How to Identify — and Fix — Pay Inequality at Your Company](#)," Harvard Business Review, November 3, 2020.

Organization and Company Recommendations for Closing Racial Wage Gaps

While there is no one way to “fix” wage disparities or tackle the many barriers that contribute to them, organizations can play an important role in addressing the gaps described in the report. Here we propose a multipronged approach to help organizations improve internal practices, as well as support progress toward pay equity in their communities.

Collect diversity, equity & inclusion (DEI) metrics consistently throughout the organization. As a first step to identifying potential barriers that could lead to the pay disparities by race and gender discussed in this report, individual organizations should look at their data more broadly. DEI metrics and analytics are important tools for organizations to track DEI progress internally.¹² As our analyses show, unique gaps remain hidden when looking at diversity data in aggregate (e.g., across dimensions of diversity as well as location, level of education, seniority, etc.). When you break down the data, however, important differences emerge, such as when you look at groups with the same level of education and work experience. Leveraging human capital analytics to break down data and identify unique gaps will help craft the right solutions for individual organizations.¹³

Organizations can benefit from an initial internal analysis to identify the right demographic variables and the best ways to disaggregate the data for the organization. Strategies for identifying gaps in representation include:

- Comparing worker demographic groups (e.g., by gender, race, ethnicity) to identify potential variations in:
 - Representation in specific roles, functions, and leadership levels;
 - Hiring, retention, and attrition metrics;
 - Employee engagement, inclusion, and intent-to-stay metrics; and
 - Talent mobility and advancement metrics.
- Examining how potential variations may change over time by:
 - Monitoring progress in both the short term (six months to one year) and the long term (two to five years);¹⁴ and
 - Including wage and representation gaps analysis when evaluating the results of key initiatives that support the DEI strategy, such as inclusive leadership and unconscious bias training.¹⁵

12 Laura Sabattini and Patti P. Phillips, “[The ROI of Inclusion: How to Align Diversity, Equity, and Inclusion \(DEI\) and Business Results](#),” The Conference Board, April 2021.

13 Mary B. Young and Marion Devine, “[Defining and Measuring Inclusion](#),” The Conference Board, December 2018.

14 Laura Sabattini, Amy Ye, Amanda Popiela, and Jane Horan, “[What’s Next for Employee Groups?](#)” The Conference Board, January 2020.

15 Laura Sabattini, “[Diversity, Equity, Inclusion and the Bottom Line](#),” Talent Culture, July 30, 2020.

PRACTICAL TIP: CONDUCT A PAY AUDIT:¹⁶

You can't fix what you can't see. If you're unsure about whether your organization is at risk for pay disparity, conduct an audit to identify and correct wage gaps. In recent years, several businesses have publicly announced taking this step, including Amazon, Apple, Cisco, Gap, and Microsoft, to name a few.¹⁷

Increase diversity of underrepresented groups. Underrepresentation of Black workers in high-paying industries and occupations is a growing contributor to wage disparities. As some groups remain concentrated in higher-status and better-paid positions and industries, their wages will remain, on average, higher. DEI and human capital initiatives that seek to increase diverse representation can help reduce wage gaps driven by underrepresentation; examples of specific practices include:

- Requiring diverse candidate pools or diverse slates and using diverse panels to conduct interviews;¹⁸
- Decreasing bias in hiring and compensation decisions by conducting blind résumé reviews, not asking about salary history, and reducing candidates' ability to negotiate salary as a way to keep salary range consistent and less dependent on individual managers' decisions;¹⁹
- Increasing pay transparency during the hiring process and setting consistent salary ranges based on objective, standardized criteria that limit variations by individual manager or function;²⁰ and
- Providing flexible remote working options to workers across levels or even establishing satellite office locations in other regions. This practice will expand and diversify the pool of high-quality talent, including those who might not be willing or able to relocate.

16 LeanIn.Org, "Equal Pay Counts: What Companies Can Do," 2021; Catalyst, "5 Ways to Close the Gender Pay Gap," April 4, 2017.

17 For a complete list of companies, see: Maya Raghu and Caitlin Lowell, "Employer Leadership to Advance Equal Pay: Examples of Promising Practices," National Women's Law Center, March 2017.

18 Diversity Best Practices, "Diverse Slates & Building Accountability in Recruitment and Hiring," August 2020.

19 James E. Bessen et al., "Perpetuating Inequality: What Salary History Bans Reveal About Wages," Public Law & Legal Theory Paper No. 20-19, June 2020; Kristin Wong, "Want to Close the Pay Gap? Pay Transparency Will Help," New York Times, January 20, 2019.

20 HBR, "How to Identify — and Fix — Pay Inequality at Your Company."

Identify and address barriers to talent mobility or advancement to senior leadership and higher-paid roles. Increasing diverse representation is an important first step, but only one element of what contributes to gender- and race-based wage gaps. As noted in our analysis, some gaps are driven by the underrepresentation of Black workers in supervisory and managerial roles, which are typically better paid. Efforts to address barriers to career advancement and talent mobility across industries can also help make progress.²¹ DEI and HR initiatives that promote more diverse representation in senior leadership roles can help bridge this gap. Examples include:

- Ensuring equal access to key developmental relationships such as mentors, sponsors, and networks;²²
- Developing transparent communication practices around advancement, mobility, and high-visibility assignments,²³ so that organizations with remote or dispersed workers ensure that information reaches workers outside of the main office or headquarters;
- Monitoring succession planning and promotion practices to ensure all qualified internal candidates are considered;²⁴ and
- Broadening the pool of candidates considered for key roles by accepting alternative credentials and implementing career flexibility initiatives.²⁵

Invest in community and educational partnerships and alliances that bridge opportunity gaps. Employers can partner with nonprofit, government, and educational institutions to help tackle wage disparities beyond their own organization.²⁶ External partnerships strengthen the company brand and its connection to the community, while also building the organization's future pipeline. For example, many tech companies partner with organizations working to increase diversity in engineering schools. Other instances of alliances include:

- Working with K-12, college, and university programs to promote early interest in and access to careers where Black workers are underrepresented;
- Supporting policy and legislation to improve access to higher education and career opportunities; and
- Working with nonprofits and communities to help tackle societal issues that feed pay disparities, such as poverty.

21 Stephen Miller, "[Unequal Career Advancement Fuels Gender Pay Gap](#)," SHRM, April 2, 2019.

22 Leading Effectively Staff, "[Women Need a Network of Champions](#)," Center for Creative Leadership, November 22, 2020.

23 Laura Sabattini, "[Unwritten Rules: What You Don't Know Can Hurt Your Career](#)," Catalyst, 2008; Robin Erickson, Marion Devine, and Amy Ye, "[Total Talent Mobility: Strategic Purposes, Barriers, and Best Practices](#)," The Conference Board, April 2019.

24 Diversity Best Practices, "[HR Best Practices: Focus on Promotions and Succession Planning](#)," July 2016.

25 Deb Cohen and Robin Erickson, "[Different in Degree: Closing the Talent Gap With Alternative, Credentials](#)," The Conference Board, June 2020; World Economic Forum, "[Beyond Our Lifetimes: Prospects for Workplace Gender Equality Slip to 2186](#)," press release, October 25, 2016.

26 Raghuram G. Raju and Lowell, "[Employer Leadership to Advance Equal Pay](#)."

Apple Launches a New Racial Equity and Justice Initiative

As part of a \$100 million Racial Equity and Justice Initiative (REJI) initiative, Apple is establishing a number of projects to “help dismantle systemic barriers to opportunity and combat injustices faced by communities of color.”²⁷ These efforts tackle issues around hiring, advancement, and access to opportunities in tech and help build the pipeline of leaders from underrepresented groups, including the establishment of a global innovation and learning hub for Historically Black Colleges and Universities (HBCUs); an Apple Developer Academy to support coding and tech education for students in Detroit; and venture capital funding for Black and Brown entrepreneurs.

Looking ahead

Without a significant change, racial wage gaps may continue to increase in the coming years. This is because high-paying types of jobs with low representation of Black workers are projected to continue to gain share in the US labor market. However, a turning point might be in sight.

First, the heightened public attention to racial inequality during 2020 is likely to strengthen corporate focus on internal equity. According to US CEOs in the **C-Suite Challenge™** Survey by The Conference Board, recruiting a more diverse workforce and building a more inclusive culture are among the top human capital management issues in the coming year.

Second, employers appear more willing to hire remote workers since the onset of the COVID-19 pandemic, compared to before the pandemic. Consequently, recruitment practices may undergo major changes in many companies that may address racial wage gaps. This new willingness to hire remote workers could help employers located in areas with small Black populations, like tech companies in Silicon Valley and Seattle, hire Black workers anywhere in the US.

Acknowledging a problem is an important step toward solving it. Indeed, in 2020, some leading **tech companies** made public commitments to significantly raise the share of Black workers and other underrepresented groups. These are good first steps toward closing racial wage gaps, but there is a long way to go. It will be critical for CEOs to continue to prioritize diversity as a means to close racial wage gaps.

²⁷ Apple, “Apple Launches Major New Racial Equity and Justice Initiative Projects to Challenge Systemic Racism, Advance Racial Equity Nationwide,” press release, January 13, 2021.

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