



**Closing Racial Gaps in Economic  
Opportunity: Progress Made,  
More Needed**

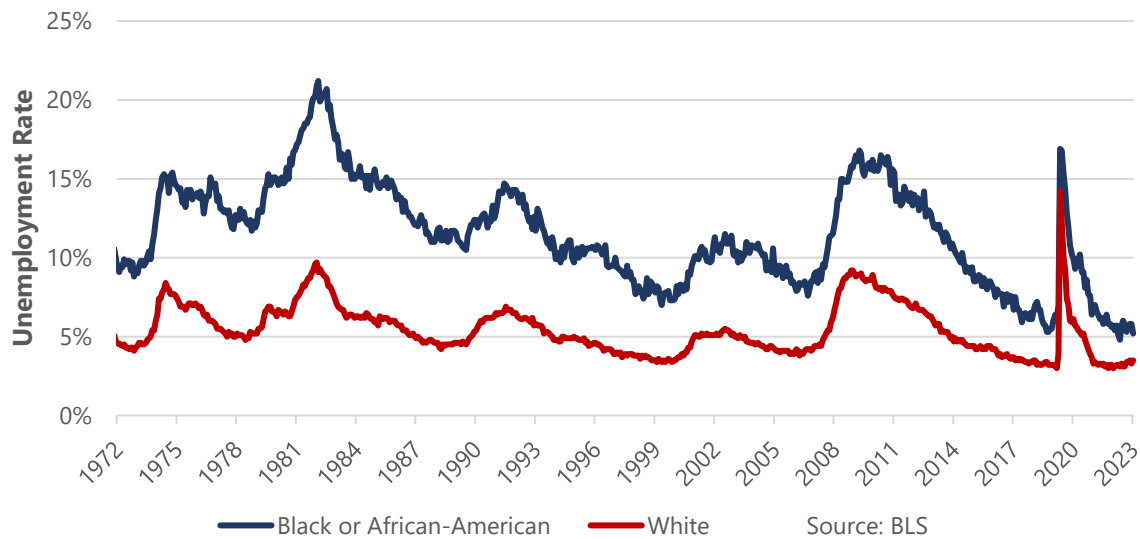
◆ **By Guy Berger and Harin Contractor** ◆

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America needs a labor market that offers opportunity for all. That requires addressing persistent gaps in racial representation and workforce equity. A strong labor market can create good jobs and upward mobility for all groups. Our analysis suggests that the tight labor market of the past few years has indeed contributed to gains for Black Americans. However, these gains are not uniform, highlighting key areas for further progress.

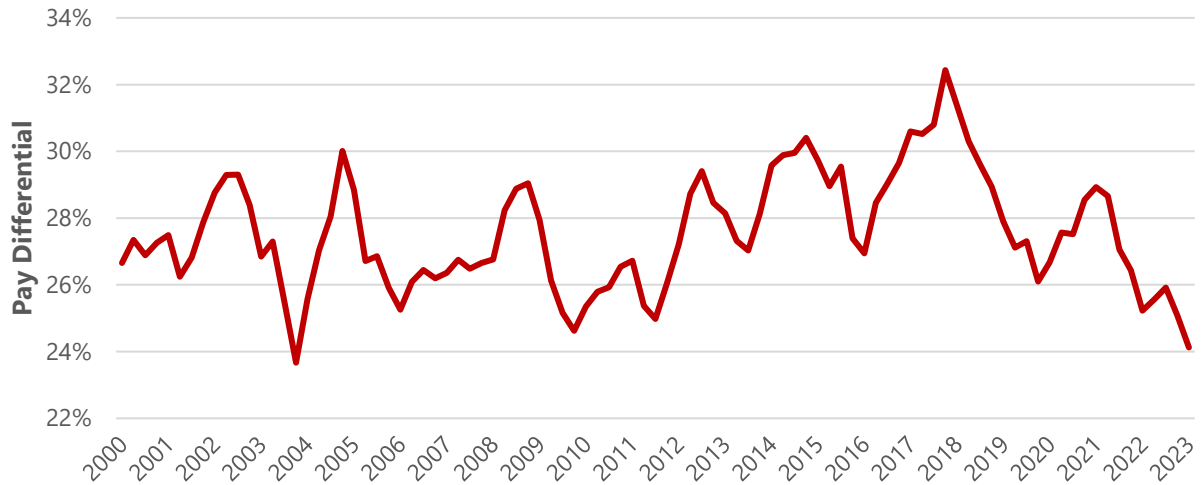
Aside from a relatively brief interruption during the COVID pandemic, the strong labor markets of the late 2010's and early 2020's show the power of labor markets in action. Last year, the unemployment rate of black Americans fell to its lowest level on record, while the gap between black and white unemployment is now less than 2 percentage points—the smallest on record and down from a peak of 12 percentage points in the early 1980s.

### Black Unemployment Rate Near Record Low



Black workers are not just getting jobs, they are getting better paying jobs, shrinking the gap in pay versus white workers. Last year, the median Black employee in their prime working years earned 24.1 percent less than the median white worker in the same age bracket, on average. While that gap is astonishingly high, it's down from a peak of 32.4 percent in 2018 and is near the lowest level since records began in 2000. Shrinking the gap between Black and white worker pay by 25 percent in just seven years is substantial progress in a labor market where trends seldom bear out so quickly.

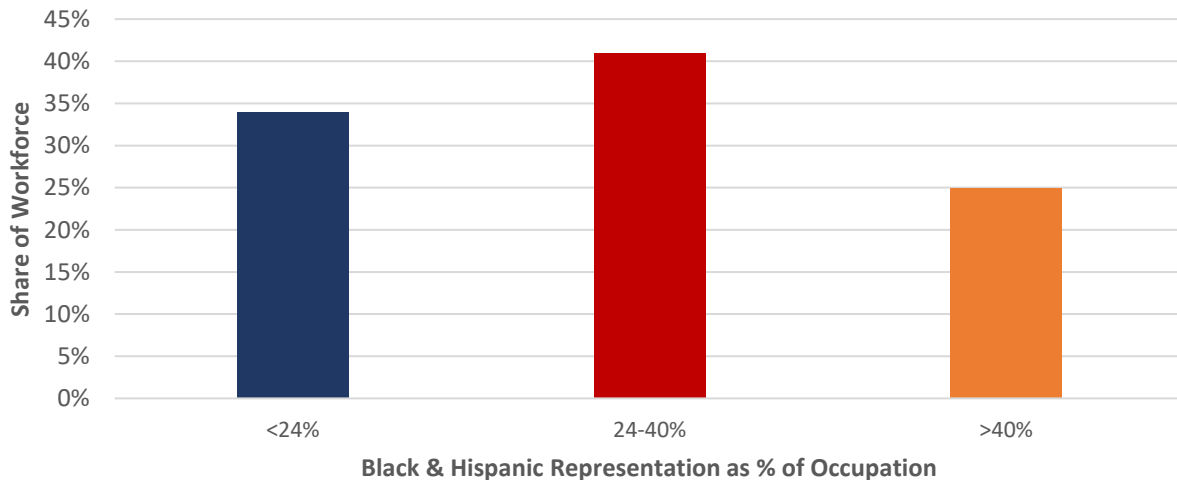
### White/Black Pay Differential Near Record Low



— White/Black Pay Differential, Ages 25-54, 4 Quarter Moving Average      Source: BLS (Usual Weekly Earnings, Full-Time Workers)

Much of this pay gap can be accounted for by differences in the mix of occupations that employ Black and white workers. Occupational segregation remains a persistent feature of the American labor market, with nearly three-fifths of the US workforce employed in occupations in which Black and Hispanic workers are disproportionately under- or overrepresented—meaning, those in which Black and Hispanic workers make up a much bigger or much smaller share of the occupation’s workforce than this group’s 32% share of the US workforce as a whole.

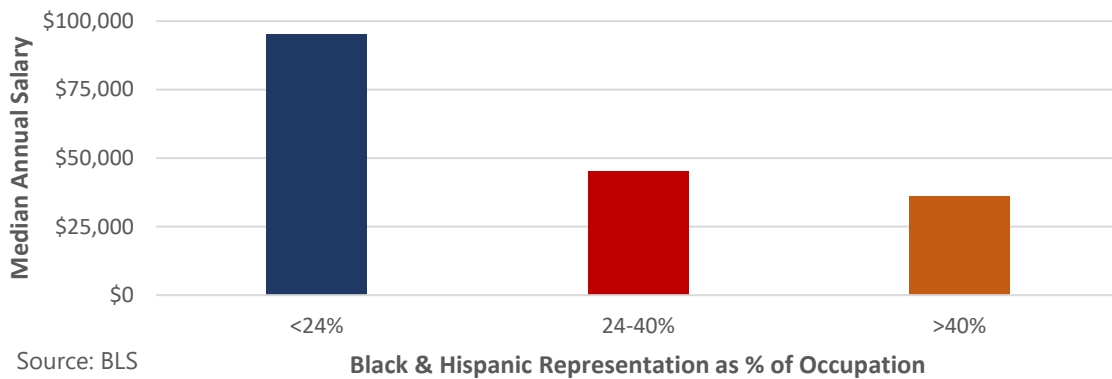
### Distribution of US Workforce by Black and Hispanic Representation



Source: Bureau of Labor Statistics

Occupational segregation has substantial effects on pay gaps. In the occupations where Black and Hispanic workers are least represented—that is, those where they comprise less than 24% of the workforce—the median salary exceeds \$95,000 per year. By contrast, in the occupations where more than 40% of the workers are Black or Hispanic, the median salary is only around \$36,000 annually. Considerable attention has been placed on eliminating pay gaps within occupations. However, continuing to narrow the differences in pay between Blacks and whites will depend in large part on evening out the racial distribution of workers in the highest-earning occupations.

### Median Salaries in Occupations Where Blacks & Hispanics Are Under-Represented

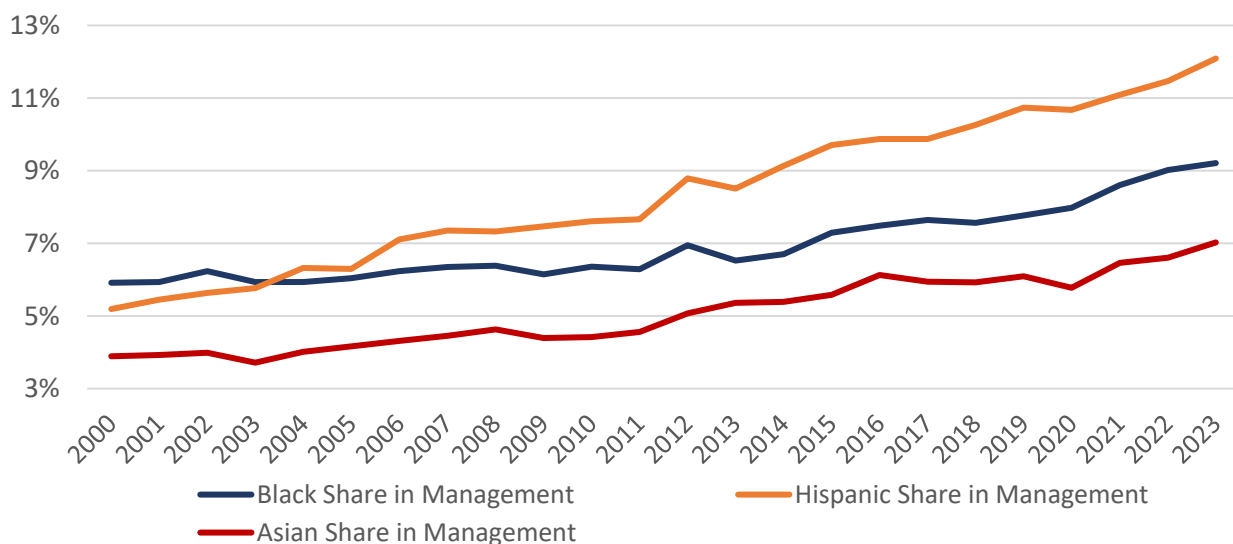


What follows is an analysis of opportunities to build greater economic mobility for Black workers.

### Management

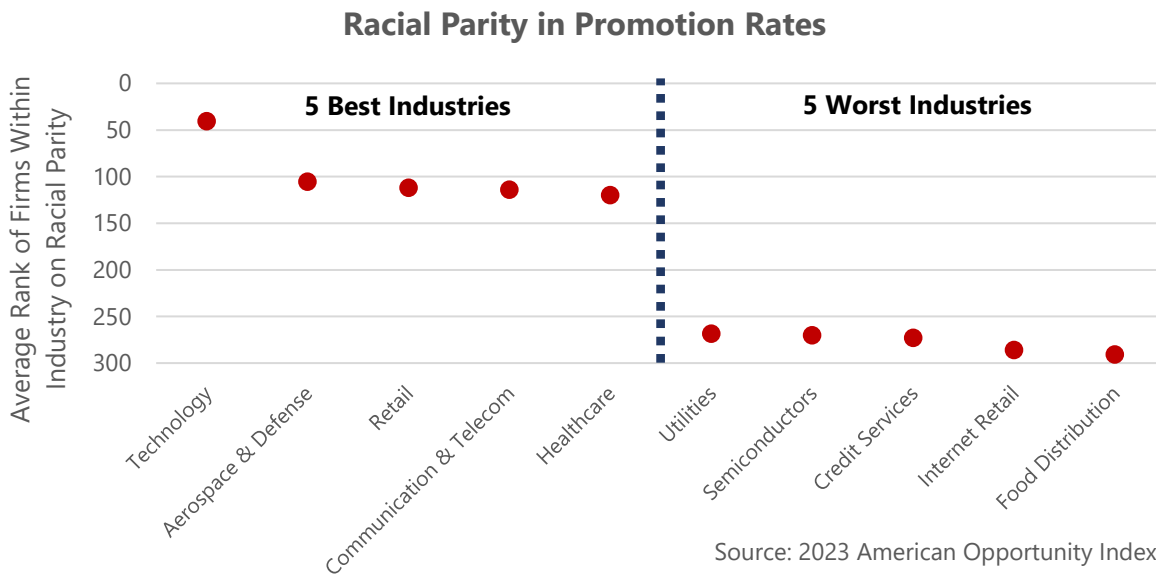
One factor that may explain the shrinking pay gap is the growing ranks of Black Americans in management occupations. Black workers made up 9% of management occupations in 2023, up from just 6 percent in 2011.

### Share in Management Occupations



Much of the gains are driven by rapid growth in the number of early-career Black managers. The Burning Glass Institute’s [analysis for the Business Roundtable](#) finds that, from 2018-2022, 1.53 million workers without degrees moved into management or supervisory roles. Half (48 percent) of these transitions were promotions within the same firm. It appears that some companies are removing barriers for upward mobility and focusing on internal investments and promotions of their workforce.

## Parity In Promotion



Burning Glass Institute data sheds light on how Black employment gains in management roles varies by industry. As part of our development of the [American Opportunity Index](#) in partnership with the Harvard Business School Project on Managing the Future of Work and the Schultz Family Foundation, we ranked large companies based on parity in promotion by race and ethnicity. This work revealed substantial differences among industries in terms of which are the best at promoting their employees equally. The Technology sector stands out as demonstrating the greatest parity across racial and ethnic groups, while food services, internet retail, and semiconductors lag considerably.

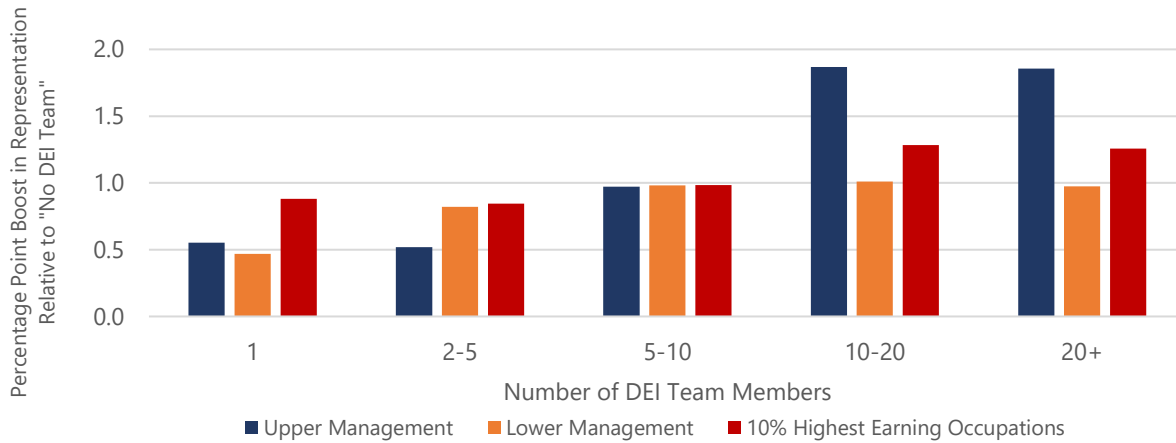
## DEI Team Strength & Executive Representation

Some of those gains likely result from recent deliberate efforts to equalize opportunity in corporate leadership. Burning Glass Institute analysis finds that the size of Diversity, Equity & Inclusion (DEI) teams is associated with higher Black representation – and of Black women in particular – in management and corporate leadership.

For example, a company with a DEI team of more than 10 members will typically see a statistically significant increase of 1.9 percentage points in the share of Black women in upper management relative to firms with no DEI team, a 1 percentage point gain in lower management roles, and a rise of 1.3 percentage points across the highest-earning occupations within that company. For companies with

smaller DEI teams, there is still a statistically significant effect, albeit a smaller one. While these relationships are not necessarily causal, they do suggest that DEI programs have had a meaningful impact and that these investments signal the importance of mobility and representation at these firms.

### Companies with DEI Teams Also Employ More Black Women in Leadership Roles



Source: Burning Glass Institute analysis of Lightcast Career History Profiles Database

Much work remains to give Black workers equal access to economic opportunity. Many industries have considerable strides to make in ensuring Black workers are promoted fairly. Meanwhile, the racial wealth gap continues to grow. Still, recent years have seen rapid and substantial progress across dimensions of employment, earnings, and management representation for Black workers. What will it take to further this progress in the years ahead?

#### Acknowledgments

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